

Exhibit A

(Part 1)

1

2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

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IN RE: VEECO INSTRUMENTS, INC.

6

SECURITIES LITIGATION

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10 DEPOSITION of STEELWORKERS PENSION FUND, by
11 RICHARD S. HOFFMAN, taken pursuant to Notice, held
12 at the offices of Berger & Montague, P.C., 1622
13 Locust Street, Philadelphia, Pennsylvania, on
14 December 8, 2005, at 9:57 a.m., before a Notary
15 Public of the State of New York.

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23 BARRISTER REPORTING SERVICE, INC.

120 Broadway

24 New York, N.Y. 10271

212-732-8066

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<p style="text-align: right;">2</p> <p>1</p> <p>2 APPEARANCES:</p> <p>3</p> <p>4 BERGER & MONTAGUE, P.C.</p> <p>5 Attorneys for STEELWORKERS</p> <p>6 PENSION FUND</p> <p>7 1622 Locust Street</p> <p>8 Philadelphia, PA 19103</p> <p>9 BY: ARTHUR STOCK, ESQ.</p> <p>10 -and-</p> <p>11 PHYLLIS PARKER, ESQ.</p> <p>12</p> <p>13 GIBSON, DUNN & CRUTCHER, LLP</p> <p>14 Attorneys for VEECO</p> <p>15 INSTRUMENTS, INC.</p> <p>16 200 Park Avenue</p> <p>17 New York, New York 10166-1093</p> <p>18 BY: ROSS WALLIN, ESQ.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: center;">xxxxx</p>	<p style="text-align: right;">4</p> <p>1</p> <p>2 RICHARD S. HOFFMAN,</p> <p>3 having been first duly sworn before a</p> <p>4 Notary Public of the State of New York,</p> <p>5 was examined and testified as follows:</p> <p>6</p> <p>7 EXAMINATION BY</p> <p>8 MR. WALLIN:</p> <p>9 Q What is your name?</p> <p>10 A Richard S. Hoffman.</p> <p>11 Q What is your address?</p> <p>12 A 7 Neshamoney Interplex, Suite 301,</p> <p>13 Trevose, Pennsylvania 19053.</p> <p>14 Q Good morning, Mr. Hoffman. My name is</p> <p>15 Ross Wallin. I'm with the firm of Gibson</p> <p>16 Dunn & Crutcher. We represent VEECO</p> <p>17 Instruments as well as the individual</p> <p>18 defendants in the VEECO Instruments</p> <p>19 securities litigation.</p> <p>20 I'm going to be asking you some</p> <p>21 questions for a couple of hours this morning.</p> <p>22 If I ask you any questions that you don't</p> <p>23 understand, I want you to let me know and</p> <p>24 I'll decide based on what you tell me whether</p> <p>25 I feel like I need to rephrase the question.</p>
<p style="text-align: right;">3</p> <p>1</p> <p>2 STIPULATIONS</p> <p>3</p> <p>4 IT IS HEREBY STIPULATED AND AGREED by and</p> <p>5 between the attorneys for the respective parties</p> <p>6 herein, that filing, sealing and certification,</p> <p>7 and the same are, hereby waived.</p> <p>8</p> <p>9 IT IS FURTHER STIPULATED AND AGREED that</p> <p>10 all objections except as to the form of the</p> <p>11 question, shall be reserved to the time of the</p> <p>12 trial.</p> <p>13</p> <p>14 IT IS FURTHER STIPULATED AND AGREED that</p> <p>15 the within deposition may be signed and sworn to</p> <p>16 by an officer authorized to administer an oath,</p> <p>17 with the same force and effect as if signed and</p> <p>18 sworn to before the Court.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: center;">xxxxx</p>	<p style="text-align: right;">5</p> <p>1 Hoffman</p> <p>2 But if you don't indicate that you don't</p> <p>3 understand the question, then I'm going to</p> <p>4 assume that you do understand it and I'm</p> <p>5 going to look to you for an answer.</p> <p>6 If at any point in time you want to</p> <p>7 take a break, just let me know. This is not</p> <p>8 intended to be uncomfortable, so if you need</p> <p>9 to use the restroom, let me know. I'll</p> <p>10 probably just as a matter of course try to</p> <p>11 take a break every hour or so just for my own</p> <p>12 benefit.</p> <p>13 Have you ever been deposed before?</p> <p>14 A Yes.</p> <p>15 Q How many occasions?</p> <p>16 A Oh, I would say under twenty. That's</p> <p>17 being deposed as a person being deposed.</p> <p>18 Q When was the last time you were</p> <p>19 deposed?</p> <p>20 A About five years ago.</p> <p>21 Q What type of matter was that</p> <p>22 deposition related to?</p> <p>23 A A former employee of the Steelworkers</p> <p>24 Health and Welfare Fund was suing the Health</p> <p>25 and Welfare Fund for severance pay he claimed</p>

<p style="text-align: right;">6</p> <p>1 Hoffman</p> <p>2 was owed to him.</p> <p>3 Q Were you being asked to testify as a</p> <p>4 representative of the steelworkers in that</p> <p>5 case?</p> <p>6 A Yes.</p> <p>7 Q How many of the approximately twenty</p> <p>8 depositions you've given have been in</p> <p>9 connection with your work for steelworkers?</p> <p>10 A All of them.</p> <p>11 Q Over what time period? I'm not going</p> <p>12 to ask you about all twenty depositions.</p> <p>13 A 45 years.</p> <p>14 Q Have you ever been a party to a</p> <p>15 lawsuit in your individual capacity?</p> <p>16 A Yes.</p> <p>17 Q About how many occasions?</p> <p>18 A As a party to a lawsuit?</p> <p>19 Q Yes.</p> <p>20 A I think on two occasions.</p> <p>21 Q What were those?</p> <p>22 A I was suing a real estate agent on a</p> <p>23 contract I had made with him about payment of</p> <p>24 rent on an investment unit I had purchased.</p> <p>25 I was a plaintiff in that case.</p>	<p style="text-align: right;">8</p> <p>1 Hoffman</p> <p>2 office, I testified in several suits</p> <p>3 involving Bucks County, people suing the</p> <p>4 county for various reasons.</p> <p>5 Q What elective office did you hold?</p> <p>6 A For the County Clerk of Courts.</p> <p>7 Q That's for Bucks County?</p> <p>8 A Yes.</p> <p>9 Q Have you held any other elective</p> <p>10 office?</p> <p>11 A Yes, supervisor for Warminster</p> <p>12 Township.</p> <p>13 Q When were you the Clerk of Courts for</p> <p>14 Bucks County?</p> <p>15 A In the '70s and '80s. I was Clerk of</p> <p>16 Courts for eight years.</p> <p>17 Q The second elected position you</p> <p>18 mentioned which was?</p> <p>19 A Supervisor, was early '70s.</p> <p>20 Q Have you held any other elective</p> <p>21 offices?</p> <p>22 A No.</p> <p>23 Q How many times have you testified as a</p> <p>24 witness in court in connection with the suit</p> <p>25 relating to the Steelworkers Money Managers?</p>
<p style="text-align: right;">7</p> <p>1 Hoffman</p> <p>2 In another case I was defended -- I</p> <p>3 was being sued by a contractor for some work</p> <p>4 he did for me, and he claimed I didn't pay</p> <p>5 him sufficiently.</p> <p>6 Q Have you ever given testimony in a</p> <p>7 court before?</p> <p>8 A Yes.</p> <p>9 Q In what matter?</p> <p>10 A Both those matters.</p> <p>11 Q Any other matters besides the two you</p> <p>12 described?</p> <p>13 A Yes, I've been a witness in several</p> <p>14 cases involving money managers for the</p> <p>15 Steelworkers Pension Trust. Employees leave</p> <p>16 them and start their own money management</p> <p>17 firm and they take business away, and there's</p> <p>18 usually a suit by the old firm against the</p> <p>19 new firm and I've been -- we have switched</p> <p>20 allegiance. I've testified as to the reason</p> <p>21 we've switched allegiance.</p> <p>22 I've also testified as an expert</p> <p>23 witness in innumerable domestic relation</p> <p>24 cases when it comes to valuation of pension.</p> <p>25 I've held -- when I held elective political</p>	<p style="text-align: right;">9</p> <p>1 Hoffman</p> <p>2 A How many times?</p> <p>3 Q Yes.</p> <p>4 A A few.</p> <p>5 Q Less than five?</p> <p>6 A Oh, yes.</p> <p>7 Q When was the last time you testified</p> <p>8 in a matter relating to the Steelworkers</p> <p>9 Money Managers?</p> <p>10 A Fifteen years ago.</p> <p>11 Q I should have mentioned this during my</p> <p>12 instructions, but I will make an effort not</p> <p>13 to start talking while you're answering your</p> <p>14 questions, and if you could make an effort</p> <p>15 not to talk while I'm asking my questions our</p> <p>16 court reporter will be very grateful to both</p> <p>17 of us.</p> <p>18 A Is that right?</p> <p>19 Q Have you produced any documents to the</p> <p>20 defendants in this case?</p> <p>21 A Yes.</p> <p>22 Q Did you personally search for the</p> <p>23 documents that were produced?</p> <p>24 A In a matter of speaking, yes.</p> <p>25 Q What did you do to search?</p>

<p style="text-align: right;">10</p> <p>1 Hoffman</p> <p>2 A I ordered, directed staff to provide</p> <p>3 the documents. I didn't search them out</p> <p>4 myself.</p> <p>5 Q Did you provide the documents that</p> <p>6 your staff collected to counsel?</p> <p>7 A Yes.</p> <p>8 Q Have they been produced to VEECO, as</p> <p>9 far as you know?</p> <p>10 A I don't know.</p> <p>11 Q If you can give me a brief narrative</p> <p>12 description of your educational background, I</p> <p>13 would appreciate it.</p> <p>14 A I went to undergraduate school at</p> <p>15 Wharton. I took a master's degree in</p> <p>16 business administration in Columbia.</p> <p>17 Q What year did you graduate from</p> <p>18 Wharton?</p> <p>19 A '51, I think. Then I went for a</p> <p>20 master's degree at Columbia the next year.</p> <p>21 Q That was a master's in business</p> <p>22 administration?</p> <p>23 A Yes. Then I went to law school at the</p> <p>24 University of Pennsylvania, graduated in</p> <p>25 1955.</p>	<p style="text-align: right;">12</p> <p>1 Hoffman</p> <p>2 Q How many members are on the board of</p> <p>3 trustees?</p> <p>4 A Ten.</p> <p>5 Q Who is the current chairman?</p> <p>6 A Michael Felice.</p> <p>7 Q Are there any other members of the</p> <p>8 Steelworkers staff that functions as</p> <p>9 attorneys other than you?</p> <p>10 A No.</p> <p>11 Q How long have you held the position of</p> <p>12 house counsel?</p> <p>13 A Since 1958.</p> <p>14 Q You realize this covers a broad range</p> <p>15 of time, but has your responsibility as house</p> <p>16 counsel changed from '58 to today?</p> <p>17 A Yes.</p> <p>18 Q Can you describe to me generally how</p> <p>19 they've changed?</p> <p>20 A Well, prior to the enactment of ERISA</p> <p>21 it was a fairly -- how should I say -- fairly</p> <p>22 narrow job. About the only thing we had to</p> <p>23 do on a routine basis or I had to do on a</p> <p>24 routine basis was to collect delinquency.</p> <p>25 The law was all state law. I also acted as</p>
<p style="text-align: right;">11</p> <p>1 Hoffman</p> <p>2 Q Let's run through your employment</p> <p>3 history. We'll work from the most recent</p> <p>4 going back as far as necessary.</p> <p>5 What is your current position with the</p> <p>6 Steelworkers?</p> <p>7 A Counsel for the Steelworkers Pension</p> <p>8 Trust, house counsel.</p> <p>9 Q What are your responsibilities as</p> <p>10 house counsel?</p> <p>11 A To act as attorney for the trust,</p> <p>12 trustees and employees in all matters</p> <p>13 involving the Steelworkers Pension Trust and</p> <p>14 related matters.</p> <p>15 I also supervise the staff at the</p> <p>16 office subject to the directions of the</p> <p>17 chairman and the board of trustees.</p> <p>18 Q How large is the staff in the office</p> <p>19 currently?</p> <p>20 A In the Trevoise location, 26.</p> <p>21 Q The Trevoise location is where you</p> <p>22 currently work?</p> <p>23 A Yes. You have one other location in</p> <p>24 Pittsburgh, and there's three employees</p> <p>25 there.</p>	<p style="text-align: right;">13</p> <p>1 Hoffman</p> <p>2 counsel for the union and the union health</p> <p>3 and welfare fund at the same time.</p> <p>4 Then when ERISA was adopted, it became</p> <p>5 a whole new learning experience, of course,</p> <p>6 and I devoted more and more time to ERISA</p> <p>7 litigation, benefits litigation, matters of</p> <p>8 that sort; IRS matters, audits. of the DOL,</p> <p>9 the IRS.</p> <p>10 So it was a passage of ERISA in the</p> <p>11 years that that act was interpreted by the</p> <p>12 court, the duties became just multiplied</p> <p>13 tremendously, and I had less and less time</p> <p>14 for private practice and other things that I</p> <p>15 was engaged in.</p> <p>16 Q By private practice, do you mean you</p> <p>17 were performing some other job other than</p> <p>18 serving as house counsel for the</p> <p>19 Steelworkers?</p> <p>20 A Yes, I was partner in a couple of law</p> <p>21 firms, and I had my own private practice.</p> <p>22 Q Which law firms were you partners in?</p> <p>23 A Cordes King & Hoffmann, Goodheart &</p> <p>24 Hoffman, Rappaport & Newman.</p> <p>25 Q Can you give me the approximate dates</p>

<p style="text-align: right;">14</p> <p>1 Hoffman</p> <p>2 that you were a partner at the various firms?</p> <p>3 A Rappaport & Newman was when I got out</p> <p>4 of the service, which was 1957. Goodheart &</p> <p>5 Hoffman was from that point until</p> <p>6 Mr. Goodheart became a judge. It was about</p> <p>7 ten years later.</p> <p>8 Then I was with Cordes King, which is</p> <p>9 a Bucks County firm, for four or five years.</p> <p>10 After that I was in private practice, single</p> <p>11 practitioner.</p> <p>12 Q Do you continue to have a private</p> <p>13 practice?</p> <p>14 A No.</p> <p>15 Q When did you cease having private</p> <p>16 practice?</p> <p>17 A I started to withdraw from private</p> <p>18 practice about five years ago. It took a</p> <p>19 while. It took three years to get completely</p> <p>20 out.</p> <p>21 Q Over the last three years has your</p> <p>22 work with the Steelworkers been your only</p> <p>23 source of employment?</p> <p>24 A Yes, other than assisting other</p> <p>25 attorneys in this pension litigation and</p>	<p style="text-align: right;">16</p> <p>1 Hoffman</p> <p>2 describe what the business is of the</p> <p>3 Steelworkers Pension Trust currently.</p> <p>4 A Very simple: The business is to</p> <p>5 collect contributions that employers have</p> <p>6 obligated themselves through collective</p> <p>7 bargaining with the Steelworkers union to</p> <p>8 make to the Steelworkers Pension Trust in</p> <p>9 order to provide pensions for their employees</p> <p>10 and then to invest that money, and the third</p> <p>11 part is to pay the benefits when due. Very</p> <p>12 simple.</p> <p>13 Q How many Steelworkers across the</p> <p>14 country currently have pension plans that</p> <p>15 were ultimately paid out by the Steelworkers</p> <p>16 Pension Trust?</p> <p>17 A 50,000.</p> <p>18 MR. STOCK: Can you clarify</p> <p>19 whether you're talking about only</p> <p>20 Steelworkers or whether other people</p> <p>21 not in the Steelworkers pension?</p> <p>22 MR. WALLIN: I guess I should</p> <p>23 ask the predicate questions.</p> <p>24 Q Can you describe the membership of the</p> <p>25 Steelworkers Pension Trust?</p>
<p style="text-align: right;">15</p> <p>1 Hoffman</p> <p>2 domestic relation cases.</p> <p>3 Q Do you currently have any non-legal</p> <p>4 job functions with the Steelworkers?</p> <p>5 A Yes.</p> <p>6 MR. STOCK: I object to the</p> <p>7 term "non-legal jobs," but if you</p> <p>8 understand it, you can answer.</p> <p>9 A Well, I supervise the staff.</p> <p>10 Q You regard that as a business function</p> <p>11 rather than a legal function?</p> <p>12 A Yes.</p> <p>13 Q What is involved in supervising a</p> <p>14 staff?</p> <p>15 A Well, a lot of it is legal. They</p> <p>16 refer all matters of interpretation of the</p> <p>17 documents, benefits of claim to me which is</p> <p>18 legal, but I also direct them in their</p> <p>19 day-to-day functions in accounting and</p> <p>20 processing benefit claims, make decisions as</p> <p>21 to vacations.</p> <p>22 Our staff is unionized and I deal with</p> <p>23 the union, grievances they may file, handle</p> <p>24 management, personnel.</p> <p>25 Q Perhaps it would be useful if you can</p>	<p style="text-align: right;">17</p> <p>1 Hoffman</p> <p>2 A It's employees who are represented</p> <p>3 through collective bargaining by the</p> <p>4 Steelworkers union.</p> <p>5 Q Who is included in the Steelworkers</p> <p>6 union?</p> <p>7 A Obviously those who work in steel</p> <p>8 mills and related industries, mainly, and</p> <p>9 today also represent many other industries</p> <p>10 that are not directly connected with steel.</p> <p>11 For example, they represent hospitals,</p> <p>12 hospital employees in certain areas of the</p> <p>13 country, but mainly it's steel and the many</p> <p>14 related industries of steel.</p> <p>15 Q Am I correct that the 50,000 members</p> <p>16 that you mentioned is the total membership of</p> <p>17 the Steelworkers union?</p> <p>18 A No. The total number now is over a</p> <p>19 half a million. The number of active</p> <p>20 participants, people who are employed</p> <p>21 actively with contributions being made on</p> <p>22 them by their employers is 50,000.</p> <p>23 Q How much money is currently under</p> <p>24 investment by the Steelworkers Pension Trust?</p> <p>25 A 1.5 billion.</p>

<p style="text-align: right;">18</p> <p>1 Hoffman</p> <p>2 Q Are 100 of the Steelworkers Pension</p> <p>3 Trust funds currently vested?</p> <p>4 A I hope so, yes. To the best of my</p> <p>5 knowledge, yes.</p> <p>6 Q How does a current number of members</p> <p>7 compare, let's say, to the number of members</p> <p>8 ten years ago?</p> <p>9 A I would say it doubled.</p> <p>10 Q Has the total amount of money under</p> <p>11 investment approximately doubled as well?</p> <p>12 A Not quite always, but considerably.</p> <p>13 We were close to a billion, so it increased</p> <p>14 by 50 percent.</p> <p>15 Q Do you have any other graduate degrees</p> <p>16 other than the MBA from Columbia?</p> <p>17 MR. STOCK: And a law degree?</p> <p>18 MR. WALLIN: And the law</p> <p>19 degree.</p> <p>20 A No.</p> <p>21 Q Do you have any particular training in</p> <p>22 accounting other than what you've received in</p> <p>23 connection with receiving your MBA?</p> <p>24 A No.</p> <p>25 Q Am I correct that you're not a</p>	<p style="text-align: right;">20</p> <p>1 Hoffman</p> <p>2 Q Who are the Steelworkers' current</p> <p>3 money managers?</p> <p>4 A Well, we have twenty.</p> <p>5 MR. WALLIN: Let me mark a</p> <p>6 document I want to show you, if this</p> <p>7 list is complete. I ask you to take a</p> <p>8 look at a document that your counsel</p> <p>9 produced to us presently, SPT 01</p> <p>10 through SPT 02. It appears to be a</p> <p>11 printout from a web site.</p> <p>12 We'll mark that as Exhibit 1.</p> <p>13 (Whereupon a document bearing</p> <p>14 production numbers SPT 01 through SPT</p> <p>15 02 was marked as Exhibit 1 for</p> <p>16 identification, as of this date.)</p> <p>17 THE WITNESS: Yes, this</p> <p>18 looks -- this appears to be correct.</p> <p>19 Q Am I correct that that document is a</p> <p>20 printout from the Steelworkers Pension Trust</p> <p>21 web site?</p> <p>22 A Yes.</p> <p>23 Q When you say it was correct, I assume</p> <p>24 you're referring to the second page, SPT 02?</p> <p>25 The numbers are at the bottom right-hand</p>
<p style="text-align: right;">19</p> <p>1 Hoffman</p> <p>2 licensed accountant?</p> <p>3 A You are correct.</p> <p>4 Q Is the Steelworkers Pension Trust</p> <p>5 currently a party in any other securities</p> <p>6 litigations, to your knowledge?</p> <p>7 A We are in members of classes, yes.</p> <p>8 Q Is the Steelworkers currently a class</p> <p>9 representative or a lead plaintiff in any</p> <p>10 other securities litigations?</p> <p>11 A No.</p> <p>12 Q Have you ever been deposed in any</p> <p>13 litigation in which the Steelworkers were a</p> <p>14 lead plaintiff?</p> <p>15 A No.</p> <p>16 Q Do you have any responsibility for</p> <p>17 making investment decisions on behalf of the</p> <p>18 Steelworkers Pension Trust?</p> <p>19 A No.</p> <p>20 Q Who within the Steelworkers Pension</p> <p>21 Trust has responsibility for making those</p> <p>22 sorts of decisions?</p> <p>23 A Making investment decisions?</p> <p>24 Q Yes.</p> <p>25 A The money managers.</p>	<p style="text-align: right;">21</p> <p>1 Hoffman</p> <p>2 side.</p> <p>3 A Yes.</p> <p>4 Q Is this list here of managers the</p> <p>5 current list of the Steelworkers Pension</p> <p>6 Trust money managers?</p> <p>7 A Yes.</p> <p>8 Q Now, the money managers are not</p> <p>9 employees of the Steelworkers Pension Trust,</p> <p>10 are they?</p> <p>11 A No.</p> <p>12 Q Am I correct that they're outside</p> <p>13 firms that you hired to make investment</p> <p>14 decisions with the Steelworkers funds?</p> <p>15 A Yes.</p> <p>16 Q Which of the money managers listing</p> <p>17 here on SPT 2 is responsible for the largest</p> <p>18 percentage of the Steelworkers investment?</p> <p>19 A I think it's T-O-R-R-A-Y.</p> <p>20 MR. WALLIN: It's listed on SPT</p> <p>21 02 as Robert E. Torray & Company, Inc.</p> <p>22 Q What percentage of the Steelworkers</p> <p>23 funds is invested through Robert E. Torray &</p> <p>24 Company?</p> <p>25 A He has maybe 200 million.</p>

<p style="text-align: right;">22</p> <p>1 Hoffman</p> <p>2 Q Do you have any understanding of how</p> <p>3 much the Steelworkers currently have invested</p> <p>4 through Fox Asset Management?</p> <p>5 A Well, it's about seven and a half</p> <p>6 percent of the entire portfolio.</p> <p>7 Q Has the amount of money invested</p> <p>8 through Fox Asset Management changed</p> <p>9 significantly over the last three to four</p> <p>10 years?</p> <p>11 A I think only by its own earnings.</p> <p>12 Q Who is responsible within the</p> <p>13 Steelworkers Pension Trust for deciding which</p> <p>14 money managers the Steelworkers will invest</p> <p>15 through?</p> <p>16 A Board of trustees.</p> <p>17 Q Do you have any roles in those</p> <p>18 decisions?</p> <p>19 A Not anymore.</p> <p>20 Q Did you at some point in the past?</p> <p>21 A Yes.</p> <p>22 Q For what period of time did you have</p> <p>23 responsibility?</p> <p>24 A Till about five years ago.</p> <p>25 Q Were you a member of the board of</p>	<p style="text-align: right;">24</p> <p>1 Hoffman</p> <p>2 A No, I don't know precisely what we did</p> <p>3 with Fox, but the normal procedure was to</p> <p>4 visit the office of the money managers under</p> <p>5 consideration, see their operation and talk</p> <p>6 to the staff, et cetera. Either I or</p> <p>7 somebody else did that with Fox Asset</p> <p>8 Management.</p> <p>9 Q Have you had any contact with anyone</p> <p>10 at Fox Asset Management in the last three</p> <p>11 years?</p> <p>12 A Only when I see the gentleman at the</p> <p>13 meetings. He comes to make presentations.</p> <p>14 Q Which gentleman are you referring to?</p> <p>15 A Sincowitz (phonetic). I forget his</p> <p>16 name.</p> <p>17 Q Do you know how to spell his name?</p> <p>18 A No. It's a Polish name.</p> <p>19 Q Is he a principal of Fox Asset</p> <p>20 Management?</p> <p>21 A Yes.</p> <p>22 Q Is he responsible for making decisions</p> <p>23 on behalf of the Steelworkers, investment</p> <p>24 decisions on behalf of the Steelworkers?</p> <p>25 A He says he is.</p>
<p style="text-align: right;">23</p> <p>1 Hoffman</p> <p>2 trustees at that time?</p> <p>3 A No.</p> <p>4 Q Did you have sole responsibility at</p> <p>5 that time before deciding what money managers</p> <p>6 the Steelworkers would use?</p> <p>7 A No. My role was to participate in the</p> <p>8 interview of potential money managers and to</p> <p>9 do due diligence investigations, but I</p> <p>10 voluntarily withdrew from that. It was too</p> <p>11 time consuming.</p> <p>12 Q Did you participate in the decision to</p> <p>13 retain Fox Asset Management as a money</p> <p>14 manager for the Steelworkers?</p> <p>15 A Well, they came in, I think, in 2000,</p> <p>16 so I might have participated in the selection</p> <p>17 process that included Fox. There were</p> <p>18 others, of course, under consideration, so I</p> <p>19 might have since it was five years ago.</p> <p>20 That's about when I withdrew from those</p> <p>21 duties.</p> <p>22 Q Do you recall what, if any, due</p> <p>23 diligence you did in connection with the</p> <p>24 Steelworkers' retention of Fox Asset</p> <p>25 Management?</p>	<p style="text-align: right;">25</p> <p>1 Hoffman</p> <p>2 Q Do you have any reason to believe</p> <p>3 otherwise?</p> <p>4 A No, but I know that a lot of money</p> <p>5 managers send their marketing person to these</p> <p>6 meetings who really isn't responsible but</p> <p>7 they all say they are, but I think in this</p> <p>8 case he really is.</p> <p>9 Q How large an organization is Fox Asset</p> <p>10 Management?</p> <p>11 A I don't know. I don't know.</p> <p>12 Q You said that the board of trustees</p> <p>13 currently makes decisions about which money</p> <p>14 managers the Steelworkers Pension Trust will</p> <p>15 retain.</p> <p>16 Are there particular members of the</p> <p>17 board of trustees that are responsible for</p> <p>18 making those decisions currently?</p> <p>19 A No.</p> <p>20 Q Are those decisions made on some sort</p> <p>21 of regular basis?</p> <p>22 A No.</p> <p>23 Q Are they made on an ad hoc basis, as</p> <p>24 needed?</p> <p>25 A Before we lapsed going into a positive</p>

<p style="text-align: right;">26</p> <p>1 Hoffman</p> <p>2 cash flow, which was about three years ago,</p> <p>3 we had a negative cash flow, and the only</p> <p>4 time we hired new managers is when we fired</p> <p>5 existing managers.</p> <p>6 Now since we have a positive cash</p> <p>7 flow, they brought on some nontraditional</p> <p>8 managers reaching for return, but they didn't</p> <p>9 fire anybody that's got additional managers.</p> <p>10 They happen to get what we call</p> <p>11 non-traditional managers, hedge funds, real</p> <p>12 estate funds, because their trustees wanted</p> <p>13 greater return on their investment or our</p> <p>14 investment.</p> <p>15 Q Which of the current money managers</p> <p>16 listed on Exhibit 1 are hedge funds or real</p> <p>17 estate funds?</p> <p>18 A Let me see. The Multi-Employer</p> <p>19 Property Trust is a real estate. Peregrine</p> <p>20 Capital, I think, is a hedge fund.</p> <p>21 Q Any others that you recognize?</p> <p>22 A No.</p> <p>23 Q You made reference a couple of times</p> <p>24 to the fact that the Steelworkers have fired</p> <p>25 money managers in the past. What might be a</p>	<p style="text-align: right;">28</p> <p>1 Hoffman</p> <p>2 Q To your knowledge, has the</p> <p>3 Steelworkers Pension Trust filed its federal</p> <p>4 and state tax forms every year for the last</p> <p>5 five years or so?</p> <p>6 A Yes.</p> <p>7 Q Have the Steelworkers ever been the</p> <p>8 subject of an audit, the pension trust?</p> <p>9 A By DOL? We're audited every year by</p> <p>10 our auditor as required by law.</p> <p>11 Q I mean by a government agency, either</p> <p>12 DOL or the IRS or whatever.</p> <p>13 A Not for many years.</p> <p>14 Q When was the last time the</p> <p>15 Steelworkers were the subject of an audit?</p> <p>16 A It had to be in the '70s.</p> <p>17 Q Let me just remind you again I think</p> <p>18 we're still beginning to talk over each</p> <p>19 other, and I think we're making life</p> <p>20 difficult for our court reporter so just keep</p> <p>21 that in mind.</p> <p>22 You said seven years ago?</p> <p>23 A In the '70s.</p> <p>24 Q I apologize.</p> <p>25 Has the Steelworkers Pension Trust</p>
<p style="text-align: right;">27</p> <p>1 Hoffman</p> <p>2 basis for firing money managers?</p> <p>3 A Only one basis. Poor performance.</p> <p>4 Q When is the last time the Steelworkers</p> <p>5 fired a money manager for poor performance?</p> <p>6 A I forget. About three years ago.</p> <p>7 Q Which money manager was that?</p> <p>8 A I forget who it was. Once they're</p> <p>9 gone, I forget about them.</p> <p>10 Q I think this was clear from your</p> <p>11 previous testimony, but is the list of money</p> <p>12 managers on Exhibit 1 current?</p> <p>13 A I believe so. There might be a few</p> <p>14 additions.</p> <p>15 Q For example, is Fox Asset Management</p> <p>16 still a current money managers?</p> <p>17 A Yes, they're still money managers.</p> <p>18 There has been no deletions. Maybe a couple</p> <p>19 of small additions; real estate, hedge funds.</p> <p>20 Q Are you responsible for filing the</p> <p>21 Steelworkers tax returns every year?</p> <p>22 A No. I review them.</p> <p>23 Q Do you retain an outside tax</p> <p>24 specialist for that purpose?</p> <p>25 A No. The accounting manager does that.</p>	<p style="text-align: right;">29</p> <p>1 Hoffman</p> <p>2 ever been the subject of any sort of</p> <p>3 administrative investigation, for example, by</p> <p>4 the SEC?</p> <p>5 A No.</p> <p>6 Q Has it ever been the subject of any</p> <p>7 administrative investigation by some federal</p> <p>8 agency other than the SEC?</p> <p>9 A No.</p> <p>10 Q What about a state agency?</p> <p>11 A No.</p> <p>12 Q Have you personally ever been</p> <p>13 investigated by the SEC?</p> <p>14 A Not to my knowledge, no.</p> <p>15 Q Am I correct that you don't have any</p> <p>16 prior criminal background?</p> <p>17 A None.</p> <p>18 Q Do you know why you're being deposed</p> <p>19 today?</p> <p>20 A Yes.</p> <p>21 Q What is your understanding of why</p> <p>22 you're being deposed today?</p> <p>23 A To determine whether the Steelworkers</p> <p>24 Pension Trust is a suitable lead plaintiff.</p> <p>25 Q What does it mean to be a lead</p>

<p style="text-align: right;">30</p> <p>1 Hoffman</p> <p>2 plaintiff in a securities action?</p> <p>3 A A lead plaintiff is very similar to</p> <p>4 what we do. Of course, all of us who have</p> <p>5 responsibilities for the Steelworkers Pension</p> <p>6 Trust or fiduciaries under ERISA have a</p> <p>7 tremendous fiduciary responsibility, and that</p> <p>8 is what I analogize to being lead plaintiff.</p> <p>9 You have to act in a fiduciary</p> <p>10 capacity for other members of the class. You</p> <p>11 have to make sure that any settlements that</p> <p>12 are proffered are reasonable and suitable.</p> <p>13 You have to make sure that the fees and</p> <p>14 expenses charged by plaintiff's counsel are</p> <p>15 fair and reasonable. You have to make</p> <p>16 yourself available to testify for depositions</p> <p>17 and in court. You have to gather all kinds</p> <p>18 of information by being fiduciary for all the</p> <p>19 other class members.</p> <p>20 Q Who within the Steelworkers Pension</p> <p>21 Trust would be responsible for ensuring that</p> <p>22 the Steelworkers fulfill the fiduciary duties</p> <p>23 that you just described?</p> <p>24 A Me.</p> <p>25 Q Would anyone else within the</p>	<p style="text-align: right;">32</p> <p>1 Hoffman</p> <p>2 A Counsel keeps us advised, and perhaps</p> <p>3 we would make suggestions. Just knowing what</p> <p>4 is going on gives you the ability to</p> <p>5 influence it to some degree.</p> <p>6 Q How many securities litigations in the</p> <p>7 last five years have the Steelworkers sought</p> <p>8 to be named as lead plaintiff?</p> <p>9 A How many?</p> <p>10 Q Yes.</p> <p>11 A Just one, I believe.</p> <p>12 Q Are you referring to the current</p> <p>13 litigation?</p> <p>14 A No, besides this one.</p> <p>15 Q Which litigation are you referring to?</p> <p>16 A WorldCom Bond.</p> <p>17 Q Were the Steelworkers, in fact, named</p> <p>18 as lead plaintiff in that action?</p> <p>19 A No, the whole action was dropped.</p> <p>20 We're getting some money out of WorldCom</p> <p>21 Bond, but it's through the SEC.</p> <p>22 Q When you say the action was dropped,</p> <p>23 you mean that it was dismissed by the court?</p> <p>24 A No, something else happened. I forget</p> <p>25 exactly.</p>
<p style="text-align: right;">31</p> <p>1 Hoffman</p> <p>2 Steelworkers Pension Trust share those</p> <p>3 responsibilities?</p> <p>4 A Perhaps my assistant. He's not a</p> <p>5 lawyer, but he's going to law school.</p> <p>6 Q Is it your understanding that the</p> <p>7 Steelworkers Pension Trust is somehow</p> <p>8 obligated to serve or attempt to serve as a</p> <p>9 lead plaintiff in certain securities actions</p> <p>10 in order to fulfill its fiduciary duties to</p> <p>11 its members?</p> <p>12 A No, we're not obligated to serve as</p> <p>13 lead counsel.</p> <p>14 Q What are the advantages of the</p> <p>15 Steelworkers Pension Trust of serving as a</p> <p>16 lead plaintiff in a securities action?</p> <p>17 A Well, we have been and are presently</p> <p>18 members of classes in many securities</p> <p>19 litigation, and we have no idea what is going</p> <p>20 on until we get a statement of, "Here is what</p> <p>21 you're going to get if you want it."</p> <p>22 So the advantage is keeping abreast of</p> <p>23 what is going on and to some extent being</p> <p>24 able to influence it.</p> <p>25 Q Influence litigation in what manner?</p>	<p style="text-align: right;">33</p> <p>1 Hoffman</p> <p>2 Q Was the lead plaintiff ever named in</p> <p>3 that action?</p> <p>4 A No, there was never any class action</p> <p>5 as far as I know.</p> <p>6 Q Do you know whether the court refused</p> <p>7 to certify a class in that action?</p> <p>8 A No, I don't. I don't remember.</p> <p>9 Q What is your understanding of what a</p> <p>10 class action is?</p> <p>11 A It's sort of a device to save court</p> <p>12 time, to reduce costs when you have a lot of</p> <p>13 people allegedly injured by an action, and</p> <p>14 they're all in the same position and they all</p> <p>15 have essentially the same claim, the only</p> <p>16 difference being the extent of your damages.</p> <p>17 Then you can qualify as a class and sort of</p> <p>18 pool your resources and cut down the cost of</p> <p>19 litigation, and it's helpful to the courts</p> <p>20 because it eliminates multiple litigation of</p> <p>21 the same issue. Instead of having a hundred</p> <p>22 cases on the same issue or a thousand or</p> <p>23 2,000, you'll have just one.</p> <p>24 Q Can you define for me the class of</p> <p>25 persons that the Steelworkers are seeking to</p>

<p style="text-align: right;">34</p> <p>1 Hoffman</p> <p>2 represent in this action?</p> <p>3 A The class of persons? Anybody who</p> <p>4 invested in VEECO securities during the</p> <p>5 period involved and lost money.</p> <p>6 Q Do you know what the period involved</p> <p>7 is?</p> <p>8 A I think it was 2004.</p> <p>9 Q Do you know the specific dates?</p> <p>10 A No. I don't remember. I've seen it,</p> <p>11 but I don't remember.</p> <p>12 Q Do you know if there are any other</p> <p>13 lead plaintiffs in this action other than the</p> <p>14 Steelworkers Pension Trust?</p> <p>15 A As far as I know, we're the only lead</p> <p>16 plaintiff.</p> <p>17 Q You mentioned before that one of the</p> <p>18 advantages of being a lead plaintiff in your</p> <p>19 view is that it allowed the Steelworkers to</p> <p>20 stay abreast of actions in which it had an</p> <p>21 interest, correct?</p> <p>22 A Correct.</p> <p>23 Q Do you receive documents relating to</p> <p>24 this litigation from your counsel that</p> <p>25 assists you in keeping abreast of the action?</p>	<p style="text-align: right;">36</p> <p>1 Hoffman</p> <p>2 plaintiff, I believe.</p> <p>3 Q That is your understanding as to what</p> <p>4 that opinion related to was the certification</p> <p>5 of the class?</p> <p>6 A Yes.</p> <p>7 Q Do you know who Michael Weiss is?</p> <p>8 A Yes, he was an officer in VEECO.</p> <p>9 Q Do you know who John Kiernan is?</p> <p>10 A Yes, he was also an officer.</p> <p>11 Q Do you know whether they are currently</p> <p>12 defendants in the action?</p> <p>13 A Those two are, yes.</p> <p>14 Q Did you review the consolidated</p> <p>15 amended client that was filed in this action?</p> <p>16 A Yes.</p> <p>17 Q The consolidated amended complaint</p> <p>18 refers to a number of confidential witnesses;</p> <p>19 do you recall that?</p> <p>20 A I know there are confidential</p> <p>21 witnesses.</p> <p>22 Q Have you ever spoken to them?</p> <p>23 A Me? No.</p> <p>24 Q Has anyone at the Steelworkers ever</p> <p>25 spoken to these confidential witnesses?</p>
<p style="text-align: right;">35</p> <p>1 Hoffman</p> <p>2 A Oh, yes.</p> <p>3 Q Approximately how often do you receive</p> <p>4 documents from lead counsel?</p> <p>5 A Frequently.</p> <p>6 Q Can you give me some sense of what you</p> <p>7 mean by frequently?</p> <p>8 A I would say every quarter, at least.</p> <p>9 Q Who is your main contact at your</p> <p>10 counsel's office?</p> <p>11 A Phyllis Parker.</p> <p>12 Q Do you know which court the action is</p> <p>13 currently pending in?</p> <p>14 A I believe it's the Federal District</p> <p>15 Court for New York.</p> <p>16 Q Do you know who the judge is?</p> <p>17 A McMahon.</p> <p>18 Q Do you know whether the courts issued</p> <p>19 any written decisions in this case to date?</p> <p>20 A I think so.</p> <p>21 Q Do you know what those decisions</p> <p>22 related to?</p> <p>23 A I think one was -- I don't know if the</p> <p>24 class has been certified. If the class has</p> <p>25 been certified, we're named as lead</p>	<p style="text-align: right;">37</p> <p>1 Hoffman</p> <p>2 A Not to my knowledge.</p> <p>3 Q Do you know the identity of the</p> <p>4 confidential witnesses?</p> <p>5 A No, I don't.</p> <p>6 Q Does the Steelworkers Pension Trust</p> <p>7 have any current judgments against it?</p> <p>8 A No.</p> <p>9 Q Is a Steelworkers Pension Trust a</p> <p>10 creditor in any outstanding judgments or</p> <p>11 liens?</p> <p>12 A Yes.</p> <p>13 Q Which ones?</p> <p>14 A Oh, I don't know. We handle -- I</p> <p>15 handle literally hundreds of delinquencies</p> <p>16 every year. Many of those go to judgment,</p> <p>17 and I usually then file them in the state</p> <p>18 court of the county where the employer is</p> <p>19 located so we have lots of liens against</p> <p>20 employers all over the country. If you'd</p> <p>21 like, I'll sell them to you very reasonably.</p> <p>22 Q I have no interest in speculating in</p> <p>23 Steelworkers' debt. Thank you for the offer.</p> <p>24 Do you have any outstanding judgments</p> <p>25 or liens other than against employer</p>

<p style="text-align: right;">38</p> <p>1 Hoffman</p> <p>2 delinquencies?</p> <p>3 A Other than those involved in employer</p> <p>4 delinquencies, none.</p> <p>5 Q Do you have a general understanding of</p> <p>6 the Steelworkers Pension Trust overall</p> <p>7 investment portfolio?</p> <p>8 A Yes.</p> <p>9 Q Percentage of the Steelworkers</p> <p>10 investment portfolio is invested in equities?</p> <p>11 A 70 percent.</p> <p>12 Q Is the remainder invested in debt?</p> <p>13 A Yes.</p> <p>14 Q You seem quite sure of those</p> <p>15 percentages. Is that mandated by some</p> <p>16 by-laws or something of the trust?</p> <p>17 A Well, the allocation of your</p> <p>18 investments is one of the key things in</p> <p>19 fulfilling the trustees' fiduciary</p> <p>20 obligations to make prudent investments.</p> <p>21 Asset allocation is where you start.</p> <p>22 So asset allocation is reviewed almost</p> <p>23 annually. Although we haven't changed it in</p> <p>24 many years, we spent a lot of money reviewing</p> <p>25 asset allocation, so that's very important.</p>	<p style="text-align: right;">40</p> <p>1 Hoffman</p> <p>2 insulation. The trustees do not want to be</p> <p>3 responsible for investments that go sour, and</p> <p>4 the way you do that in accordance with the</p> <p>5 law is that you select qualified certified</p> <p>6 money managers. You're very careful in</p> <p>7 selecting, making sure you're getting good</p> <p>8 ones, and then you have a duty to monitor</p> <p>9 them. And if you do that, you're thereby</p> <p>10 insulating yourself as a trustee.</p> <p>11 If the money manager makes important</p> <p>12 investments like this one, VEECO, and some</p> <p>13 disgruntled participants were to sue for</p> <p>14 breach of fiduciary duty, trustees would show</p> <p>15 we didn't breach our fiduciary duty, we</p> <p>16 selected -- carefully selected a money</p> <p>17 manager, we monitored with a recorder and</p> <p>18 things happened, but we're not responsible</p> <p>19 for investments that go sour because we don't</p> <p>20 actually make the investment decision. The</p> <p>21 money manager has the responsibility.</p> <p>22 Q Who is responsible for monitoring the</p> <p>23 performance of the money managers?</p> <p>24 A The trustees.</p> <p>25 Q As a group or as a specific</p>
<p style="text-align: right;">39</p> <p>1 Hoffman</p> <p>2 That is where you start, where the asset</p> <p>3 allocation is, 70/30.</p> <p>4 Q For how long has the asset allocation</p> <p>5 been 70 percent equity and 30 percent debt?</p> <p>6 A For at least fifteen years.</p> <p>7 Q I'll ask this question generally, and</p> <p>8 you can tell me if it is different for</p> <p>9 different money managers:</p> <p>10 Are the Steelworkers Pension Trust</p> <p>11 money managers allowed to make investment</p> <p>12 decisions on behalf of the Steelworkers</p> <p>13 Pension Trust without the Steelworkers</p> <p>14 Pension Trust's approval?</p> <p>15 A Yes.</p> <p>16 Q Is that true for every one of the</p> <p>17 money managers listed on Exhibit 1?</p> <p>18 A Yes.</p> <p>19 Q How common is it for a money manager</p> <p>20 to consult with the Steelworkers Pension</p> <p>21 Trust about a particular investment?</p> <p>22 A It is extremely uncommon and</p> <p>23 discouraged.</p> <p>24 Q Why is it discouraged?</p> <p>25 A Because the trustees are seeking</p>	<p style="text-align: right;">41</p> <p>1 Hoffman</p> <p>2 individual?</p> <p>3 A No, as a group.</p> <p>4 Q What metrics do the trustees use to</p> <p>5 measure performance of the money managers?</p> <p>6 A We hire an outfit that measures</p> <p>7 performance that submits quarterly reports to</p> <p>8 the trustees for each money manager.</p> <p>9 Q What is the name of the outfit you're</p> <p>10 describing?</p> <p>11 A Richard D-A-H-A-B & Associates.</p> <p>12 In addition, each money manager makes</p> <p>13 at least an annual appearance before the</p> <p>14 board of trustees. Performance of money</p> <p>15 manager is reviewed by Mr. Dahab, and the</p> <p>16 trustees will question the representatives of</p> <p>17 the money manager and ask him embarrassing</p> <p>18 questions, et cetera.</p> <p>19 I might add one additional thing. Any</p> <p>20 major change is brought immediately to the</p> <p>21 attention of the board of trustees, a key</p> <p>22 person will leave the money manager, the</p> <p>23 person that Mr. Dahab and others think is the</p> <p>24 key guy, and they will notify the trustees</p> <p>25 immediately and the trustees have on occasion</p>

<p style="text-align: right;">42</p> <p>1 Hoffman</p> <p>2 taken immediate action to dismiss that money</p> <p>3 manager, because the reason they hired the</p> <p>4 money manager is because of this gentleman</p> <p>5 who has now left and gone somewhere else.</p> <p>6 Q Do you attend the meetings where money</p> <p>7 managers make the annual appearance before</p> <p>8 the board of trustees?</p> <p>9 A Yes, I do.</p> <p>10 Q Do you attend all meetings of the</p> <p>11 board of trustees?</p> <p>12 A Yes, I do.</p> <p>13 Q Do these annual appearances occur</p> <p>14 seriatim, all on one day or at various time</p> <p>15 during the year?</p> <p>16 A All on one day. They devote the</p> <p>17 entire day. Meetings are two days. First</p> <p>18 day is just for money managers. The second</p> <p>19 day it's called a business meeting. That is</p> <p>20 twice a year.</p> <p>21 Q When do those meetings take place?</p> <p>22 A In June and December.</p> <p>23 Q You mentioned an employee of Fox Asset</p> <p>24 Management that was the Steelworkers contact</p> <p>25 person. I confess that I have lost his name.</p>	<p style="text-align: right;">44</p> <p>1 Hoffman</p> <p>2 Q Are minutes kept of the board of</p> <p>3 trustees meetings?</p> <p>4 A Minutes are kept of the business</p> <p>5 meeting but not of the investment managers'</p> <p>6 review. What we do is the investment</p> <p>7 managers will prepare a written presentation,</p> <p>8 besides an oral presentation, and we keep</p> <p>9 their written presentations.</p> <p>10 Q Did Fox Asset Management make a</p> <p>11 written presentation in December?</p> <p>12 A Yes.</p> <p>13 Q Did you receive those written</p> <p>14 materials?</p> <p>15 A Yes.</p> <p>16 Q Did they make any reference to the</p> <p>17 Steelworkers investment in VEECO Instruments?</p> <p>18 A No.</p> <p>19 Q Did anyone from Fox Asset Management</p> <p>20 appear at any other meetings of the board of</p> <p>21 trustees at any point in time in the last two</p> <p>22 years other than the meeting you just</p> <p>23 described?</p> <p>24 A Yes, they appear once a year.</p> <p>25 Q So they appeared at the previous</p>
<p style="text-align: right;">43</p> <p>1 Hoffman</p> <p>2 I think it was Sincowitz (phonetic)?</p> <p>3 A Yes.</p> <p>4 MR. STOCK: For the record, the</p> <p>5 actual name is Peter</p> <p>6 S-K-I-R-K-A-N-I-C-H.</p> <p>7 Q Do you recall the last time</p> <p>8 Mr. Skirkanich or anyone else from Fox Asset</p> <p>9 Management appeared before the board of</p> <p>10 trustees?</p> <p>11 A Yes, about three weeks ago.</p> <p>12 Q Is this in connection with the</p> <p>13 December meeting you referred to earlier?</p> <p>14 A Yes.</p> <p>15 Q Was there any discussion of the</p> <p>16 Steelworkers investment in VEECO Instruments</p> <p>17 during that meeting?</p> <p>18 A It was mentioned.</p> <p>19 Q What was discussed?</p> <p>20 A That we were participating in a class</p> <p>21 action to recover some of the money that we</p> <p>22 lost on VEECO investment by Fox management.</p> <p>23 Q Was there anything else discussed</p> <p>24 concerning that investment?</p> <p>25 A None.</p>	<p style="text-align: right;">45</p> <p>1 Hoffman</p> <p>2 December?</p> <p>3 A Yes.</p> <p>4 Q Was there any discussion of the</p> <p>5 Steelworkers investment in VEECO Instruments</p> <p>6 during that previous meeting which I gather</p> <p>7 was probably the end of 2004?</p> <p>8 A I don't remember if there were or were</p> <p>9 not.</p> <p>10 Q Did anyone else attend that meeting at</p> <p>11 the board of trustees on behalf of Fox Asset</p> <p>12 Management other than Mr. Skirkanich?</p> <p>13 A Yes. He's always accompanied by</p> <p>14 another gentleman whose name escapes me.</p> <p>15 Q Is Mr. Skirkanich a principal of Fox</p> <p>16 Asset Management?</p> <p>17 A I believe so.</p> <p>18 Q What is currently the Steelworkers</p> <p>19 Pension Trust's largest equity investment?</p> <p>20 A I don't know.</p> <p>21 Q Do you know their approximate size of</p> <p>22 the Steelworkers' largest equity investment?</p> <p>23 A It can't be more than five percent.</p> <p>24 Q Of the overall funds?</p> <p>25 A Of the overall funds.</p>

<p style="text-align: right;">46</p> <p>1 Hoffman</p> <p>2 Q Do you know if any of the current</p> <p>3 investments approach the five percent level?</p> <p>4 A None come close.</p> <p>5 Q Do you know the approximate percent of</p> <p>6 the largest investment?</p> <p>7 A No.</p> <p>8 Q Are any of the investments in excess</p> <p>9 of one percent of the Steelworkers Pension</p> <p>10 Trust overall funds?</p> <p>11 A I would say yes, but I'm not</p> <p>12 absolutely sure about that. The money</p> <p>13 managers implicate each other in certain</p> <p>14 investments.</p> <p>15 Q At the end of, say, 2004 what</p> <p>16 percentage of the Steelworkers' overall</p> <p>17 investment funds were represented by its</p> <p>18 investment of VEECO Instruments?</p> <p>19 A The end of 2004? None, I believe. At</p> <p>20 this time we had sold -- I really don't know.</p> <p>21 I believe that it had been sold.</p> <p>22 Q I'll show you some documents in a</p> <p>23 minute that will hopefully refresh your</p> <p>24 recollection as to the timing of certain</p> <p>25 transactions with VEECO stock.</p>	<p style="text-align: right;">48</p> <p>1 Hoffman</p> <p>2 A The declaration of trust gives the</p> <p>3 trustees the authority to borrow money. I</p> <p>4 would say that gives them the authority to</p> <p>5 buy on margin. So I think they have the</p> <p>6 authority, but they have heretofore decided</p> <p>7 that it would be imprudent to do that.</p> <p>8 Q Do I take it from your testimony that</p> <p>9 the Steelworkers Pension Trust in your memory</p> <p>10 has never purchased securities on margin?</p> <p>11 A Never.</p> <p>12 Q Have you ever spoken to Mr. Skirkanich</p> <p>13 other than whatever communications you may</p> <p>14 have had in connection with these board of</p> <p>15 trustees meetings?</p> <p>16 A I might have called him about</p> <p>17 something I didn't understand in his report</p> <p>18 or in Dahab's report. I don't remember</p> <p>19 specifically. I do that all the time, so --</p> <p>20 or he might have called me about something.</p> <p>21 Q Why would you have been calling</p> <p>22 Mr. Skirkanich about questions you had about</p> <p>23 his report?</p> <p>24 A Because when I write the minutes,</p> <p>25 sometimes I will go over something that the</p>
<p style="text-align: right;">47</p> <p>1 Hoffman</p> <p>2 Does the Steelworkers Pension Trust</p> <p>3 ever buy securities on margin?</p> <p>4 A No.</p> <p>5 Q Is the Steelworkers Pension Trust</p> <p>6 restricted from buying securities on margin</p> <p>7 as a result of some sort of internal bylaws?</p> <p>8 A Yes.</p> <p>9 Q What is the source of that</p> <p>10 restriction?</p> <p>11 A It will be considered a nonprudent</p> <p>12 investment to buy on margin, although they're</p> <p>13 allowed to borrow money, the trustees, upon</p> <p>14 advice of counsel, upon review of the cases</p> <p>15 has decided it's imprudent to buy on margin,</p> <p>16 to borrow money to invest.</p> <p>17 Q Is that decision or investment</p> <p>18 philosophy memorialized in any sort of</p> <p>19 written document?</p> <p>20 A I don't remember.</p> <p>21 Q I guess what I'm asking is, is the</p> <p>22 Steelworkers Pension Trust somehow restricted</p> <p>23 from investing its security on margin or</p> <p>24 could they do it tomorrow if they felt like</p> <p>25 it?</p>	<p style="text-align: right;">49</p> <p>1 Hoffman</p> <p>2 trustees in the business meeting have said</p> <p>3 about Fox Asset Management, and if I'm not</p> <p>4 clear, I'll call him.</p> <p>5 I may have done that. I do that</p> <p>6 frequently. Whether I specifically have done</p> <p>7 it with him, I don't remember, but it's not</p> <p>8 uncommon for me to do that.</p> <p>9 Q How long do you keep minutes of the</p> <p>10 semiannual meetings of the board of trustees?</p> <p>11 A Since 1958.</p> <p>12 Q Was Fox Asset Management discussed</p> <p>13 during the most recent business meeting of</p> <p>14 the board of trustees?</p> <p>15 A Yes.</p> <p>16 Q What was the substance of that</p> <p>17 discussion?</p> <p>18 A Well, every money manager is</p> <p>19 discussed, the question being should we or</p> <p>20 should we not retain them, because Dahab will</p> <p>21 make a recommendation and the trustees will</p> <p>22 then consider the recommendation. So each</p> <p>23 meeting, a positive decision is made on each</p> <p>24 money manager as whether to retain them, give</p> <p>25 them more money or take some money away from</p>

<p style="text-align: right;">50</p> <p>1 Hoffman</p> <p>2 them, so their performance was discussed.</p> <p>3 Q Are Mr. Dahab's recommendations always</p> <p>4 followed?</p> <p>5 A No, they're not.</p> <p>6 Q You're laughing. I gather there is a</p> <p>7 story behind that?</p> <p>8 A No, his recommendations usually were</p> <p>9 not followed all the time. I don't know what</p> <p>10 his batting average is, but it's over 300, I</p> <p>11 believe.</p> <p>12 Q Are you implying that he is more</p> <p>13 critical of the money managers in the board</p> <p>14 of trustees or less critical?</p> <p>15 A Much more critical.</p> <p>16 Q Has he ever issued a critical report</p> <p>17 of Fox Asset Management?</p> <p>18 A No, not to my knowledge.</p> <p>19 Q You said that you may have spoken to</p> <p>20 Mr. Skirkanich at some point outside of these</p> <p>21 annual meetings.</p> <p>22 Do you have a specific recollection of</p> <p>23 a contact with him?</p> <p>24 A No, I don't. When I do speak to these</p> <p>25 gentlemen, it's nothing monumental. It's</p>	<p style="text-align: right;">52</p> <p>1 Hoffman</p> <p>2 given the short time frame we have for</p> <p>3 this motion, I will send you the</p> <p>4 letter tomorrow. I think it was</p> <p>5 probably covered by our initial</p> <p>6 document request in any event.</p> <p>7 REQUEST NOTED:</p> <p>8 Q Do you recall approximately when the</p> <p>9 Steelworkers Pension Trust received the</p> <p>10 report that you're referring to?</p> <p>11 A No.</p> <p>12 Q Is it currently in your files, the</p> <p>13 document you were referring to?</p> <p>14 A Yes.</p> <p>15 MR. WALLIN: Hopefully that</p> <p>16 will make locating it easier.</p> <p>17 Q Does the Steelworkers Pension Trust</p> <p>18 ever purchase options?</p> <p>19 A No -- oh, well, excuse me. The hedge</p> <p>20 funds do options.</p> <p>21 Q By hedge funds, you're referring to</p> <p>22 Peregrine listed on Exhibit 1?</p> <p>23 A I think that's the only one.</p> <p>24 Q How long has Peregrine been a money</p> <p>25 manager of the Steelworkers Pension Trust?</p>
<p style="text-align: right;">51</p> <p>1 Hoffman</p> <p>2 just to clear up something in their report or</p> <p>3 something I don't understand which I need to</p> <p>4 understand to make sensible minutes.</p> <p>5 Q What is the nature of the reports that</p> <p>6 the money managers provide to the board of</p> <p>7 trustees?</p> <p>8 A They review their performance and give</p> <p>9 excuse for poor performance and pat</p> <p>10 themselves on the back for good performance.</p> <p>11 Q Did any of the reports provided by Fox</p> <p>12 Asset Management during the last three years</p> <p>13 reference the Steelworkers Pension Trust</p> <p>14 investment in VEECO Instruments?</p> <p>15 A It was. I don't remember exactly</p> <p>16 when, but it was noted that we had lost money</p> <p>17 with VEECO.</p> <p>18 MR. WALLIN: I ask that that</p> <p>19 document be produced. I ask that that</p> <p>20 document be collected and produced as</p> <p>21 soon as possible.</p> <p>22 MR. STOCK: We will attempt to</p> <p>23 do that, we also ask that any document</p> <p>24 request be put in writing.</p> <p>25 MR. WALLIN: That's fine, but</p>	<p style="text-align: right;">53</p> <p>1 Hoffman</p> <p>2 A I don't recall.</p> <p>3 Q Less than five years?</p> <p>4 A Yes.</p> <p>5 Q How do you know that Peregrine invests</p> <p>6 on options on behalf of the Steelworkers?</p> <p>7 A If I'm correct that Peregrine is a</p> <p>8 hedge fund, hedge fund part of their strategy</p> <p>9 is to deal in options to sell short. They</p> <p>10 hedge, so I assume that they do options.</p> <p>11 Q I understand you're not a money</p> <p>12 manager, but what is your understanding of</p> <p>13 what the advantage can be for an investor</p> <p>14 investing in options as opposed to just</p> <p>15 purchasing securities outright?</p> <p>16 A I don't know. I mean, obviously they</p> <p>17 think they can make a greater return, but the</p> <p>18 mechanics I'm not sure of.</p> <p>19 Q Does the Steelworkers Pension Trust</p> <p>20 invest in options through any money manager</p> <p>21 other than Peregrine?</p> <p>22 A The Steelworkers Pension Trust does</p> <p>23 not invest in options other than those that</p> <p>24 the hedge funds might do.</p> <p>25 Q Are the non-hedge fund money managers</p>

<p style="text-align: right;">54</p> <p>1 Hoffman</p> <p>2 prohibited from investing in options on</p> <p>3 behalf of the Steelworkers?</p> <p>4 A Yes.</p> <p>5 Q Is that memorialized in some sort of</p> <p>6 investment management agreement for each</p> <p>7 money manager?</p> <p>8 A In each agreement with money managers</p> <p>9 they state their investment philosophy, and</p> <p>10 these do not include options.</p> <p>11 Q Do you draft those agreements?</p> <p>12 A I draft everything except the</p> <p>13 investment philosophy of the money manager</p> <p>14 which the money manager drafts.</p> <p>15 Q How does the Steelworkers Pension</p> <p>16 Trust select money managers? Are they</p> <p>17 solicited?</p> <p>18 A First the decision is made on what</p> <p>19 kind of money manager, whether they want a</p> <p>20 value manager, a growth manager, a bottom up,</p> <p>21 top down, small or large cap. So you decide</p> <p>22 the style that they're seeking or replacing</p> <p>23 someone with this particular style.</p> <p>24 Then Dahab will suggest perhaps six or</p> <p>25 nine money managers who have that style who</p>	<p style="text-align: right;">56</p> <p>1 Hoffman</p> <p>2 particular time, and they take one or two of</p> <p>3 the best performing companies in that sector.</p> <p>4 For example, a bottom-up manager would</p> <p>5 today look at airlines. The airline sector</p> <p>6 is not doing well, and they select a couple</p> <p>7 of airlines who might be making money, the</p> <p>8 best of the group, to invest in those.</p> <p>9 Q Am I correct that the Steelworkers</p> <p>10 Pension Trust investments in VEECO</p> <p>11 Instruments was, in fact, made through Fox</p> <p>12 Asset Management?</p> <p>13 A Yes.</p> <p>14 Q Do you regard VEECO Instruments as a</p> <p>15 large cap stock?</p> <p>16 A No, I don't. My opinion, of course,</p> <p>17 means nothing.</p> <p>18 Q You're the representative of the</p> <p>19 Steelworkers. That means something.</p> <p>20 A I have nothing to do with investments.</p> <p>21 Q Is it your understanding that Fox</p> <p>22 Asset Management's investment on behalf of</p> <p>23 the Steelworkers in VEECO Instruments was</p> <p>24 somehow inconsistent with that money</p> <p>25 managers' investment philosophy?</p>
<p style="text-align: right;">55</p> <p>1 Hoffman</p> <p>2 has good performance, and a subcommittee</p> <p>3 chosen by the trustee will interview the</p> <p>4 managers and cut them down to three, and</p> <p>5 those three will appear before the board and</p> <p>6 the board will make a decision.</p> <p>7 Q Does the Steelworkers Pension Trust</p> <p>8 try to have a certain number of money</p> <p>9 managers retained at any one given point in</p> <p>10 time?</p> <p>11 A No.</p> <p>12 Q Is the investment philosophy different</p> <p>13 for different money managers, I gather from</p> <p>14 your response?</p> <p>15 A Yes.</p> <p>16 Q Do you recall what the investment</p> <p>17 philosophy was for Fox Asset Management?</p> <p>18 A They describe themselves as a large</p> <p>19 cap value, bottom-up manager.</p> <p>20 Q What does that mean?</p> <p>21 A Well, large cap, large capital</p> <p>22 corporation. Value is that they're seeking</p> <p>23 short-term increase in the price of the</p> <p>24 securities they buy. Bottom-up means they</p> <p>25 take a sector that's not doing well at a</p>	<p style="text-align: right;">57</p> <p>1 Hoffman</p> <p>2 A No.</p> <p>3 Q Do you regard VEECO as a small cap</p> <p>4 company?</p> <p>5 A Well, the way we have them listed is a</p> <p>6 large cap value; however, it appears --</p> <p>7 before this VEECO thing, their idea of large</p> <p>8 cap wasn't the same as perhaps others. It's</p> <p>9 a loose term.</p> <p>10 Q Has there been any discussion, to your</p> <p>11 knowledge, between the Steelworkers Pension</p> <p>12 Trust and Fox Asset Management within the</p> <p>13 last two years as to what Fox Asset</p> <p>14 Management understood the term "large cap" to</p> <p>15 mean?</p> <p>16 A Not to my knowledge.</p> <p>17 Q When you said that the Steelworkers</p> <p>18 Pension Trust had VEECO Instruments listed,</p> <p>19 as I think you said, a large cap growth</p> <p>20 investment --</p> <p>21 A Not VEECO. We had Fox.</p> <p>22 MR. STOCK: He also didn't say</p> <p>23 growth investment.</p> <p>24 MR. WALLIN: I'm sorry.</p> <p>25 "Value" is what he said.</p>

<p style="text-align: right;">58</p> <p>1 Hoffman</p> <p>2 Q When you said you had them listed in</p> <p>3 that manner, were you referring to some sort</p> <p>4 of document?</p> <p>5 A Yes, the document given to us by Rich</p> <p>6 Dahab categorizes.</p> <p>7 THE WITNESS: May I have a</p> <p>8 break?</p> <p>9 MR. WALLIN: You may certainly</p> <p>10 have a break.</p> <p>11 (Brief recess was taken.)</p> <p>12 Q Do you know when the Steelworkers</p> <p>13 first invested in VEECO Instruments?</p> <p>14 A As I recall, it was sometime in 2003.</p> <p>15 MR. WALLIN: Let's mark a</p> <p>16 document. It will be easier to do it</p> <p>17 with a document. I'm going to mark as</p> <p>18 Exhibit 2 VEECO Instruments' 10-K for</p> <p>19 the fiscal year ending December 31,</p> <p>20 2003.</p> <p>21 (Whereupon VEECO Instruments'</p> <p>22 10-K form for fiscal year ending</p> <p>23 December 31, 2003 was marked as</p> <p>24 Exhibit 2 for identification, as of</p> <p>25 this date.)</p>	<p style="text-align: right;">60</p> <p>1 Hoffman</p> <p>2 Q Why not?</p> <p>3 A Because they're bottom up. They'll</p> <p>4 take the sector that's not doing well, which</p> <p>5 high tech wasn't during those years, and</p> <p>6 select or guess among that sector who has the</p> <p>7 best potential for growth. So this would be</p> <p>8 right in line with their philosophy.</p> <p>9 Q How would you describe the industry in</p> <p>10 which VEECO Instruments operates?</p> <p>11 A Well, as best I can describe it, it's</p> <p>12 a high-tech support industry. It</p> <p>13 manufactures or produces systems and devices</p> <p>14 that other high-tech manufacturers use.</p> <p>15 For example, LED's, those outfits that</p> <p>16 make LED's for cell phones and various other</p> <p>17 devices, VEECO provides the coding system for</p> <p>18 processor device. It's the high tech within</p> <p>19 the high tech, I would say.</p> <p>20 Q Is it your understanding that VEECO's</p> <p>21 financial performance depends in large part</p> <p>22 on how successful the technologies are that</p> <p>23 it's developing?</p> <p>24 A I think when high technology -- when</p> <p>25 that sector is doing well, they will do well.</p>
<p style="text-align: right;">59</p> <p>1 Hoffman</p> <p>2 Q Mr. Hoffman, do you recognize this</p> <p>3 document as VEECO's 10-K for 2003?</p> <p>4 A No.</p> <p>5 Q Do you have any reason to believe that</p> <p>6 it's not VEECO's 10-K for 2003?</p> <p>7 A No.</p> <p>8 Q Take a look, if you would, at -- it's</p> <p>9 page 16 of the filing, and it's listed as</p> <p>10 page 15 of 82 on the top right-hand corner.</p> <p>11 A 16, are you saying?</p> <p>12 Q It's page 16 of the filing, but it's</p> <p>13 listed as page 15 of 82 on the top right-hand</p> <p>14 corner.</p> <p>15 Do you see the net income described</p> <p>16 about ninety percent of the way down on this</p> <p>17 particular page?</p> <p>18 A Yes.</p> <p>19 Q Does that indicate to you that VEECO</p> <p>20 had a negative net income for the years</p> <p>21 ending 2003 and 2002?</p> <p>22 A Yes.</p> <p>23 Q Does that indicate to you that VEECO</p> <p>24 Instruments was a questionable investment?</p> <p>25 A Not for Fox.</p>	<p style="text-align: right;">61</p> <p>1 Hoffman</p> <p>2 I'm no expert, but that would be my opinion,</p> <p>3 that they ride and fall with the sector.</p> <p>4 Q Is it your understanding that the</p> <p>5 performance of VEECO stock has largely</p> <p>6 tracked the overall performance of the</p> <p>7 high-tech sector?</p> <p>8 A Well, I think generally that has been</p> <p>9 the case.</p> <p>10 Q Have you become aware of any facts in</p> <p>11 the last two years that have caused you to</p> <p>12 believe that the technologies that VEECO most</p> <p>13 heavily invested in will not prove to be</p> <p>14 usable or worthwhile?</p> <p>15 A No, I would believe it's the opposite.</p> <p>16 As long as they remain high tech, it changes</p> <p>17 every year, they will always be a good growth</p> <p>18 industry.</p> <p>19 Q What do you mean by a growth industry?</p> <p>20 A I mean that the value of the shares</p> <p>21 will grow.</p> <p>22 Q Am I correct that losses during a</p> <p>23 particular year are, to your understanding,</p> <p>24 not particularly unusual for a growth</p> <p>25 company?</p>

<p style="text-align: right;">62</p> <p>1 Hoffman</p> <p>2 A I believe that to be true of that</p> <p>3 industry and every industry.</p> <p>4 Q Do you know what the Steelworkers</p> <p>5 Pension Trust's expectations were with</p> <p>6 respect to appreciation of capital with</p> <p>7 regard to its investment in VEECO</p> <p>8 Instruments?</p> <p>9 A I believe that the trustees do not</p> <p>10 focus on a particular investment. They like</p> <p>11 to make at least what they call their bogie,</p> <p>12 which is the earnings assumption that the</p> <p>13 actuary makes.</p> <p>14 During these years it was about seven</p> <p>15 percent, the years of 2000, 2001 2002, 2003,</p> <p>16 2004. I think it's lower now, but their goal</p> <p>17 is to exceed what the actuary predicts based</p> <p>18 on his productions on. As long as they make</p> <p>19 more than that, they're in the good. It's</p> <p>20 disastrous to make less than that.</p> <p>21 Q Are you referring now to the aggregate</p> <p>22 performance of all the money managers?</p> <p>23 A The whole portfolio, yes.</p> <p>24 Q I gather from your previous testimony</p> <p>25 that the Steelworkers Pension Trust may use</p>	<p style="text-align: right;">64</p> <p>1 Hoffman</p> <p>2 that as being imprudent.</p> <p>3 Q How exactly does the investment</p> <p>4 philosophy differ with money managers?</p> <p>5 A Well, it's their style. Generally the</p> <p>6 money managers know that -- all pension</p> <p>7 trustees seek to protect, retain principal</p> <p>8 and yet a moderate amount of growth, six,</p> <p>9 seven percent growth.</p> <p>10 What differs between the money</p> <p>11 managers is their style value as to growth,</p> <p>12 bottom up, top down, contrarient. They</p> <p>13 allege they have particular style of</p> <p>14 approaching this, so the trustees expect to</p> <p>15 get a diversity of style.</p> <p>16 Q I take it it's not the Steelworkers</p> <p>17 Pension Trust's expectation that investments</p> <p>18 through certain money managers will be more</p> <p>19 volatile than others?</p> <p>20 A No.</p> <p>21 Q Or it's not their hope?</p> <p>22 A No.</p> <p>23 Q What is the actual hold period for an</p> <p>24 equity investment by the Steelworkers?</p> <p>25 A It's pretty long. I don't know</p>
<p style="text-align: right;">63</p> <p>1 Hoffman</p> <p>2 different money managers for different</p> <p>3 investment purposes; is that correct?</p> <p>4 A Yes.</p> <p>5 Q Are some of the money managers</p> <p>6 expected to invest in riskier and potentially</p> <p>7 higher investment returns than others?</p> <p>8 A No, not necessarily. The</p> <p>9 differentiation between equity money managers</p> <p>10 is not driven by one money manager being</p> <p>11 riskier than another. I'm sure if anybody</p> <p>12 was considered risky, money manager would not</p> <p>13 even consider it.</p> <p>14 Q I wasn't intending to suggest that</p> <p>15 high risk would necessarily be a bad</p> <p>16 investment. A high-risk investment can be</p> <p>17 high reward -- you can get a high reward</p> <p>18 associated with a higher risk.</p> <p>19 A Well, that's not proper for a pension</p> <p>20 fund.</p> <p>21 Q That is essentially what I was asking</p> <p>22 you is whether any of the money managers were</p> <p>23 expected to invest in higher risk and</p> <p>24 potentially higher return stocks than others.</p> <p>25 A No, I and the trustees would consider</p>	<p style="text-align: right;">65</p> <p>1 Hoffman</p> <p>2 exactly, but it's -- some money managers have</p> <p>3 very little turnover, and it ranges from very</p> <p>4 moderate turnover to -- very little turnover</p> <p>5 to moderate turnover.</p> <p>6 A money manager that has a lot of</p> <p>7 turnover that almost borders on churning</p> <p>8 would be dismissed, because you can't make</p> <p>9 any money doing that. You can make a lot of</p> <p>10 brokers' fees, but you don't make any money</p> <p>11 for your client.</p> <p>12 Q What would the average hold period be</p> <p>13 for investments through money manager that</p> <p>14 you describe as moderate turnover?</p> <p>15 A I would say almost a year. That's</p> <p>16 ruling out catastrophic, like what happened</p> <p>17 with VEECO when they restated their earnings.</p> <p>18 Something catastrophic like that can cause</p> <p>19 them to panic and get out. You would hope</p> <p>20 not, but -- or they have some inside</p> <p>21 information is going to happen, they might do</p> <p>22 something, but they usually hold an</p> <p>23 investment until it meets the money managers'</p> <p>24 expectation whether it's going to go up in</p> <p>25 value. During this certain period of time</p>

<p style="text-align: right;">66</p> <p>1 Hoffman</p> <p>2 they hold it to see if their guess is good.</p> <p>3 Q Am I correct that the average hold</p> <p>4 period for money managers that you would</p> <p>5 describe as low turnover would be in excess</p> <p>6 of a year?</p> <p>7 A Oh, yes. For example, Torray has held</p> <p>8 investments for twenty years.</p> <p>9 Q Does the board of trustees do anything</p> <p>10 to monitor its investments in individual</p> <p>11 stocks after they're made?</p> <p>12 A Will you restate that?</p> <p>13 Q Does the board of trustees do anything</p> <p>14 to monitor its investment in individual</p> <p>15 stocks after they're made?</p> <p>16 For example, if the Steelworkers</p> <p>17 Pension Trust held a comparatively large</p> <p>18 investment in General Electric, would you</p> <p>19 expect the board of trustees to somehow</p> <p>20 monitor the financial performance of General</p> <p>21 Electric while the investment was</p> <p>22 outstanding?</p> <p>23 A Yes. We have a heavy position in</p> <p>24 stocks, five percent. Dahab will cut that</p> <p>25 out perhaps orally. I don't know if he'll do</p>	<p style="text-align: right;">68</p> <p>1 Hoffman</p> <p>2 that you receive on a quarterly basis?</p> <p>3 A Two inches thick.</p> <p>4 Q Does every member of the board of</p> <p>5 trustees receive it?</p> <p>6 A Yes.</p> <p>7 Q I take it you receive it as well?</p> <p>8 A Yes.</p> <p>9 Q Is it your practice to review it when</p> <p>10 you receive it?</p> <p>11 A No.</p> <p>12 Q Is it the practice of the board of</p> <p>13 trustees to review it when they receive it?</p> <p>14 A I imagine they do. I thumb through it</p> <p>15 and check with the other supervisors who go</p> <p>16 through it to determine whether there is</p> <p>17 anything really something we should be</p> <p>18 concerned about and make sure we bring it to</p> <p>19 the attention. Something like that happens,</p> <p>20 Dahab will do that, but I can't say I</p> <p>21 religiously reviewed them.</p> <p>22 Q When you say he'll do that, you mean</p> <p>23 contact the board?</p> <p>24 A If something catastrophic is in the</p> <p>25 wind, as I mentioned before, he will</p>
<p style="text-align: right;">67</p> <p>1 Hoffman</p> <p>2 it in writing and comment that you hold a lot</p> <p>3 of VEECO and you better look at it; I don't</p> <p>4 think it's going to do well.</p> <p>5 Then they ask the money manager who</p> <p>6 held it, but he will do that on occasion when</p> <p>7 we get a large commitment to a particular</p> <p>8 stock, but that's very infrequent.</p> <p>9 MR. WALLIN: Off the record.</p> <p>10 (Whereupon, a discussion was</p> <p>11 held off the record.)</p> <p>12 Q I believe you said that Mr. Dahab</p> <p>13 provided reports to the board of trustees on</p> <p>14 a quarterly basis; was that correct?</p> <p>15 A Yes.</p> <p>16 Q What is the nature of the reports that</p> <p>17 he provides?</p> <p>18 A He -- in those reports the performance</p> <p>19 of each money manager will be tracked what</p> <p>20 they did during that quarter, what they did</p> <p>21 year to date, what they did in the last five</p> <p>22 years for each money manager, and then he'll</p> <p>23 do an overall how the trust did, overall for</p> <p>24 that quarter.</p> <p>25 Q How long is this document typically</p>	<p style="text-align: right;">69</p> <p>1 Hoffman</p> <p>2 immediately bring that to the attention to</p> <p>3 the board.</p> <p>4 Q Do you remember the last time that he</p> <p>5 brought a catastrophic event, as you</p> <p>6 described it, to the board's attention?</p> <p>7 A No.</p> <p>8 Q Are you aware that VEECO restated its</p> <p>9 earnings?</p> <p>10 A Yes.</p> <p>11 Q Did he bring that to the board's</p> <p>12 immediate attention?</p> <p>13 A I don't remember, quite frankly.</p> <p>14 Q Do you regard Mr. Dahab as the person</p> <p>15 responsible for monitoring the Steelworkers'</p> <p>16 investments?</p> <p>17 A I would cast it differently. He is</p> <p>18 responsible for measuring the performance of</p> <p>19 the money managers and making suggestions to</p> <p>20 the trustees as to possible changes in the</p> <p>21 amount of money or getting rid of the</p> <p>22 manager.</p> <p>23 It's the trustees who do the</p> <p>24 monitoring. They make the decision, they</p> <p>25 mull over the raw data that Dahab gives him.</p>

<p style="text-align: right;">70</p> <p>1 Hoffman</p> <p>2 He's primarily a measurer.</p> <p>3 Q How is Fox Asset Management performed</p> <p>4 for the Steelworkers Pension Trust as</p> <p>5 compared to the trust's other investment</p> <p>6 advisors?</p> <p>7 A It's been acceptable. They're still</p> <p>8 around.</p> <p>9 Q Will you describe them as a top</p> <p>10 performer?</p> <p>11 A No. It's hard to describe anybody</p> <p>12 today as a top performer.</p> <p>13 Q By top performer, I mean top performer</p> <p>14 as compared to the other money managers.</p> <p>15 A They are not top. I don't know who</p> <p>16 is, but I'm pretty sure it's not Fox.</p> <p>17 Q Would you describe them as middle of</p> <p>18 the pack?</p> <p>19 A I would describe them as being</p> <p>20 satisfactory performing.</p> <p>21 Q You said that before. I'm trying to</p> <p>22 understand what that means in terms of how</p> <p>23 they compared to the other money managers.</p> <p>24 A It means that their performance</p> <p>25 measured against certain universes has been</p>	<p style="text-align: right;">72</p> <p>1 Hoffman</p> <p>2 Q Were you aware prior to that time that</p> <p>3 the Steelworkers Pension Trust had an</p> <p>4 investment in VEECO Instruments?</p> <p>5 A Probably not.</p> <p>6 Q How many different companies does Fox</p> <p>7 Asset Management invest in on behalf of the</p> <p>8 Steelworkers Pension Trust at any given</p> <p>9 point?</p> <p>10 A I have no idea. I don't know.</p> <p>11 Q Could you even give me a ballpark</p> <p>12 estimate?</p> <p>13 A I would say that they would have, at</p> <p>14 most, twenty names.</p> <p>15 Q Is that a typical number of</p> <p>16 investments for one of the funds' money</p> <p>17 managers?</p> <p>18 A Yes.</p> <p>19 Q How did you first learn about the</p> <p>20 restatement?</p> <p>21 A It was brought to our attention by, I</p> <p>22 believe, Dahab.</p> <p>23 Q When was it brought to your attention</p> <p>24 by Mr. Dahab?</p> <p>25 A As I recall, it was shortly after it</p>
<p style="text-align: right;">71</p> <p>1 Hoffman</p> <p>2 superior. They do better than the S&P. They</p> <p>3 do better than some other vehicles. That's</p> <p>4 what we're paying them for.</p> <p>5 If the money manager doesn't do better</p> <p>6 than the S&P, then we're wasting money. We</p> <p>7 get rid of them. So when I say their</p> <p>8 performance is satisfactory, it is they're</p> <p>9 out-performing on a long-term basis the</p> <p>10 various universes against which you measure</p> <p>11 performance.</p> <p>12 Q Do you make any attempt to personally</p> <p>13 monitor the trust investments other than</p> <p>14 attending board meetings and whatever review</p> <p>15 you do of Mr. Dahab's reports?</p> <p>16 A No.</p> <p>17 Q Do you ever consult with individual</p> <p>18 board members about particular investments?</p> <p>19 A No.</p> <p>20 Q When did you first hear of a company</p> <p>21 called VEECO Instruments?</p> <p>22 A I think it was earlier this year when</p> <p>23 they restated, they announced a restatement</p> <p>24 of earnings. It was brought up as a danger</p> <p>25 sign.</p>	<p style="text-align: right;">73</p> <p>1 Hoffman</p> <p>2 was announced.</p> <p>3 Q Did he call you on the phone?</p> <p>4 A I don't know if he called me or</p> <p>5 somebody. I don't think he called me</p> <p>6 directly. He might have made it known to the</p> <p>7 chairman or some of the trustees or to</p> <p>8 another -- we also have what we call a</p> <p>9 pension monitor who acts as sort of an</p> <p>10 advisor. Howard K-L-U-T-T-Z, he works for</p> <p>11 Oppenheimer. He might have brought it to</p> <p>12 Mr. Kluttz's attention or brought it to the</p> <p>13 chairman's attention.</p> <p>14 Q How did you hear about it?</p> <p>15 A I don't remember exactly.</p> <p>16 Q Can you explain for me what</p> <p>17 Mr. Kluttz's exact role is for the</p> <p>18 Steelworkers?</p> <p>19 A He helps the trustees interview</p> <p>20 potential money managers. Although he's not</p> <p>21 engaged as a measurer, he and his staff also</p> <p>22 measure performance and report to the</p> <p>23 trustees, but his general function with the</p> <p>24 trustees is in the selection of money</p> <p>25 managers.</p>

<p style="text-align: right;">74</p> <p>1 Hoffman</p> <p>2 Q How long has he served in that</p> <p>3 capacity for the Steelworkers?</p> <p>4 A Thirty years.</p> <p>5 Q When you say that he measures</p> <p>6 performance with respect to the Steelworkers</p> <p>7 investments, do you mean he makes some sort</p> <p>8 of regular report to the board similar to</p> <p>9 Mr. Dahab's report?</p> <p>10 A He makes a report, not as detailed,</p> <p>11 but similar to Mr. Dahab.</p> <p>12 Q Does he make these reports on a</p> <p>13 quarterly basis as well?</p> <p>14 A No -- wait a minute. I don't know. I</p> <p>15 know he makes them at the meetings, but I</p> <p>16 don't believe he makes it quarterly as</p> <p>17 Mr. Dahab does.</p> <p>18 Q Are these oral or written reports?</p> <p>19 A He has all kinds of written documents</p> <p>20 he presents.</p> <p>21 Q Does he provide those written</p> <p>22 documents to the board members during these</p> <p>23 meetings?</p> <p>24 A Usually, yes. Sometimes he'll have a</p> <p>25 PowerPoint presentation. Sometimes he will</p>	<p style="text-align: right;">76</p> <p>1 Hoffman</p> <p>2 A Yes.</p> <p>3 Q How far back in your file do you</p> <p>4 maintain Mr. Kluttz's reports and Mr. Dahab's</p> <p>5 reports?</p> <p>6 A We should have all of them. Now,</p> <p>7 remember I said I don't decidedly retain</p> <p>8 Mr. Kluttz's measuring reports because that's</p> <p>9 not really his job, and I'm not sure why he</p> <p>10 does it. We focus on Mr. Dahab who is paid</p> <p>11 to do it. His expertise is in that area.</p> <p>12 Q Is there some central file at the</p> <p>13 Steelworkers offices where these reports are</p> <p>14 collected or maintained?</p> <p>15 A I sure hope so, yes.</p> <p>16 Q Do you know what file that is?</p> <p>17 A We have an imaging system.</p> <p>18 Q Who is responsible for maintaining</p> <p>19 that imaging system and putting documents on</p> <p>20 it?</p> <p>21 A I am. I mean, I supervise. I</p> <p>22 don't -- accounting does the accounting</p> <p>23 stuff, various departments --</p> <p>24 Q I was merely trying to find out who</p> <p>25 has responsibility for maintaining whatever</p>
<p style="text-align: right;">75</p> <p>1 Hoffman</p> <p>2 have that.</p> <p>3 Q Do you receive copies of whatever</p> <p>4 documents he provides to the board?</p> <p>5 A Probably. I don't gather those</p> <p>6 decidedly as Mr. Dahab, but I think</p> <p>7 generally we will file his reports, but we're</p> <p>8 not as concerned with his reports as we are</p> <p>9 with Mr. Dahab's reports.</p> <p>10 Q What is the purpose of having</p> <p>11 Mr. Kluttz measure performance in addition to</p> <p>12 Mr. Dahab?</p> <p>13 A He just does it on his own.</p> <p>14 Q I assume he must be compensated?</p> <p>15 A Not for that, no.</p> <p>16 Q Perhaps I should give him a call.</p> <p>17 Do you know whether any of</p> <p>18 Mr. Kluttz's reports over the last two to</p> <p>19 three years refer to the Steelworkers'</p> <p>20 investment in VEECO Instruments?</p> <p>21 A No. I'm sure it's listed as an</p> <p>22 investment, but anything more than that I</p> <p>23 couldn't tell you.</p> <p>24 Q Do you keep those reports in your file</p> <p>25 as well?</p>	<p style="text-align: right;">77</p> <p>1 Hoffman</p> <p>2 reports you receive from Mr. Kluttz and</p> <p>3 Mr. Dahab.</p> <p>4 A Mr. Dahab's reports are the</p> <p>5 responsibility of the accounting department.</p> <p>6 I don't know who images -- is responsible for</p> <p>7 imaging Mr. Kluttz's reports. I don't know</p> <p>8 if they are images, because they are not</p> <p>9 really official reports.</p> <p>10 Q Is it your practice to review the</p> <p>11 public filings of companies in which the</p> <p>12 Steelworkers invest?</p> <p>13 A No.</p> <p>14 Q Is it the board's practice to review</p> <p>15 filings of the company in which the</p> <p>16 Steelworkers invest?</p> <p>17 A No.</p> <p>18 Q Do the Steelworkers make an attempt to</p> <p>19 invest more heavily in certain types of</p> <p>20 industries than others?</p> <p>21 A No.</p> <p>22 Q Is any weighting towards specific</p> <p>23 industries largely to the discretion of the</p> <p>24 money managers?</p> <p>25 A Yes.</p>

<p style="text-align: right;">78</p> <p>1 Hoffman</p> <p>2 Q Is the Steelworkers Pension Trust</p> <p>3 currently invested more heavily in certain</p> <p>4 industries than others?</p> <p>5 A No.</p> <p>6 Q I believe you referred earlier to</p> <p>7 VEECO as a high-tech company, correct?</p> <p>8 A That's how I would consider it.</p> <p>9 Q Are the funds' investments through Fox</p> <p>10 Asset Management largely investments in</p> <p>11 high-tech companies?</p> <p>12 A No.</p> <p>13 Q Do you know what other companies Fox</p> <p>14 Asset Management has invested in on behalf of</p> <p>15 the Steelworkers Pension Trust other than</p> <p>16 VEECO in the last two years?</p> <p>17 A Not offhand.</p> <p>18 Q Have you ever met anyone who worked</p> <p>19 for VEECO Instruments?</p> <p>20 A No.</p> <p>21 Q Do you know if anyone at the</p> <p>22 Steelworkers Pension Trust has ever</p> <p>23 communicated directly with anyone employed by</p> <p>24 VEECO Instruments?</p> <p>25 A Would you restate that?</p>	<p style="text-align: right;">80</p> <p>1 Hoffman</p> <p>2 A I don't know. I don't believe so.</p> <p>3 Q Do you know whether any requests were</p> <p>4 made of Fox Asset Management to assess the</p> <p>5 financial condition of VEECO Instruments</p> <p>6 following the announcement that it planned to</p> <p>7 restate earnings?</p> <p>8 A Request by whom?</p> <p>9 Q Anyone affiliated with the</p> <p>10 Steelworkers.</p> <p>11 A No. It would have been improper for</p> <p>12 anyone affiliated with the Steelworkers to</p> <p>13 make such a request.</p> <p>14 Q Why would it have been improper?</p> <p>15 A Because we don't interfere in their</p> <p>16 investment decisions. Only to the extent</p> <p>17 that if we don't like them, we file it, but</p> <p>18 we don't tell them to get out of a stock or</p> <p>19 get into a stock. We don't do that.</p> <p>20 Q Has that ever happened, to your</p> <p>21 knowledge?</p> <p>22 A Never.</p> <p>23 Q Do the money managers ever discuss</p> <p>24 investment decisions that they plan to make</p> <p>25 on behalf of the Steelworkers prior to</p>
<p style="text-align: right;">79</p> <p>1 Hoffman</p> <p>2 Q Do you know whether anyone at the</p> <p>3 Steelworkers Pension Trust has ever</p> <p>4 communicated directly, either in writing or</p> <p>5 orally, with anyone employed by VEECO</p> <p>6 Instruments?</p> <p>7 A No. I don't know.</p> <p>8 Q Has the Steelworkers Pension Trust</p> <p>9 ever done any sort of business with VEECO</p> <p>10 Instruments, to your knowledge?</p> <p>11 A Not to my knowledge.</p> <p>12 Q When you learned that VEECO had</p> <p>13 announced that it was going to restate</p> <p>14 earnings, did you make any effort at that</p> <p>15 point in time to ascertain what, if anything</p> <p>16 -- strike that question.</p> <p>17 When you learned that VEECO</p> <p>18 Instruments planned to restate certain of its</p> <p>19 financial statements, did you make any</p> <p>20 attempt to personally assess the financial</p> <p>21 condition of VEECO Instruments at that time?</p> <p>22 A No.</p> <p>23 Q Do you know whether the board of</p> <p>24 trustees undertook any such investigation of</p> <p>25 the financial condition of VEECO?</p>	<p style="text-align: right;">81</p> <p>1 Hoffman</p> <p>2 executing those decisions?</p> <p>3 A They do not discuss specific</p> <p>4 investments with the trustees when they meet</p> <p>5 with the trustees. They may state that we're</p> <p>6 looking for multinationals or we're looking</p> <p>7 for Heartland industries or something like</p> <p>8 that, but they will never discuss that we are</p> <p>9 looking into XYZ Corporation.</p> <p>10 Q I take it, likewise, they will never</p> <p>11 inform the Steelworkers that they plan to</p> <p>12 liquidate a specific position before they</p> <p>13 actually do so?</p> <p>14 A No, they don't.</p> <p>15 Q Did you ever personally discuss with</p> <p>16 any members of the Steelworkers board of</p> <p>17 trustees the fact that VEECO had restated its</p> <p>18 earnings?</p> <p>19 A I might have, in a routine</p> <p>20 conversation with one of the trustees about</p> <p>21 another subject matter, mentioned that I know</p> <p>22 we hold VEECO and they're restating their</p> <p>23 earnings. There goes their stock. I might</p> <p>24 have said that.</p> <p>25 Q Are you referring to a specific</p>

<p style="text-align: right;">82</p> <p>1 Hoffman</p> <p>2 conversation?</p> <p>3 A No, I might have. When we learn of</p> <p>4 these things, we assume that the stock is</p> <p>5 going down the tubes.</p> <p>6 Q Do you know whether VEECO stock has,</p> <p>7 in fact, gone down the tubes?</p> <p>8 A I know when they announced that they</p> <p>9 might restate, I'm pretty sure the stock</p> <p>10 dropped, which is not surprising. I would</p> <p>11 expect it to drop.</p> <p>12 Q Do you know how much it dropped?</p> <p>13 A No, not specifically.</p> <p>14 Q Do you have a general recollection of</p> <p>15 having a conversation with a specific board</p> <p>16 member about VEECO restating its earnings?</p> <p>17 A I have a general recollection</p> <p>18 discussing VEECO with people. Whether they</p> <p>19 were trustees or other employees or the</p> <p>20 chairman or Mr. Kluttz, or Mr. Dahab with</p> <p>21 whom I converse regularly -- and this didn't</p> <p>22 happen only with VEECO but in other instances</p> <p>23 things have happened, change in management --</p> <p>24 we always discuss: Well, I wonder what the</p> <p>25 money manager will do, because I'm pretty</p>	<p style="text-align: right;">84</p> <p>1 Hoffman</p> <p>2 sometimes the stock will go down much farther</p> <p>3 than it should. When people hear bad news,</p> <p>4 they panic.</p> <p>5 Q Does that mean in those situations</p> <p>6 that it's advisable to hold on to a stock if</p> <p>7 the market has reacted irrationally?</p> <p>8 A If everybody is panicking and you're</p> <p>9 calm, maybe there is something wrong with</p> <p>10 you. It's very difficult to do, when there</p> <p>11 is a panic to sell, you stand by and do</p> <p>12 nothing because you're going to go down. To</p> <p>13 me it's just a problem. I, as an individual,</p> <p>14 will panic along with everybody else, so --</p> <p>15 Q I take it you have never personally</p> <p>16 invested in VEECO Instruments?</p> <p>17 A No, I don't think so.</p> <p>18 Q Do you know the period for which VEECO</p> <p>19 restated its financial statements?</p> <p>20 A As I believe, I think it was the first</p> <p>21 three quarters of 2004.</p> <p>22 Q Do you know whether VEECO restated any</p> <p>23 of its year-end financial statements?</p> <p>24 A I'm not sure I understand your</p> <p>25 question.</p>
<p style="text-align: right;">83</p> <p>1 Hoffman</p> <p>2 sure that stock is going to drop.</p> <p>3 Q What I'm asking is do you recall</p> <p>4 specific persons with whom you discussed</p> <p>5 VEECO Instruments?</p> <p>6 A No, I don't recall anyone specific.</p> <p>7 Q Do you recall approximately how many</p> <p>8 conversations regarding VEECO you may have</p> <p>9 had?</p> <p>10 A Several at that time period, general</p> <p>11 discussion of this subject.</p> <p>12 Q Do you recall the substance of those</p> <p>13 discussions other than merely reciting the</p> <p>14 fact that the company had restated its</p> <p>15 earnings?</p> <p>16 A Well, we're usually -- in my world,</p> <p>17 I'm not a securities expert -- is that people</p> <p>18 who buy stock are very fickle and you're</p> <p>19 rational, in my opinion, and upon the</p> <p>20 slightest negative news they will hope for</p> <p>21 the best and make damn sure that the stock</p> <p>22 goes down by panic selling.</p> <p>23 That's one of my veins, is that the</p> <p>24 stock market is very irrational. Sometimes</p> <p>25 it turns out to be a correct move, but</p>	<p style="text-align: right;">85</p> <p>1 Hoffman</p> <p>2 Q You stated that they restated their</p> <p>3 financial statements for the first three</p> <p>4 quarters of 2004. I'm asking whether you</p> <p>5 know if they restated their previously filed</p> <p>6 10-K.</p> <p>7 A I didn't hear.</p> <p>8 Q I'm asking if you know whether VEECO</p> <p>9 restated any of its previously filed year end</p> <p>10 10-K's.</p> <p>11 A Prior to 2004?</p> <p>12 Q At any point in time.</p> <p>13 A Not to my knowledge.</p> <p>14 Q Have you read the consolidated amended</p> <p>15 class action complaint that your counsel</p> <p>16 filed in this action?</p> <p>17 A Unfortunately, I have. Are you going</p> <p>18 to ask me if I remember what I read?</p> <p>19 MR. STOCK: Just answer the</p> <p>20 questions.</p> <p>21 Q Did you read the entire document?</p> <p>22 A Yes.</p> <p>23 Q Did you read it before it was filed?</p> <p>24 A Yes, they sent it to me for signature.</p> <p>25 Q Approximately how much time did you</p>

<p style="text-align: right;">86</p> <p>1 Hoffman</p> <p>2 spend reviewing the complaint?</p> <p>3 A It seemed like an eternity, but I read</p> <p>4 the complaint. I don't profess to be an</p> <p>5 expert in this field of litigation. I read</p> <p>6 the complaint. It looked all right to me.</p> <p>7 There is nothing obviously wrong about it or</p> <p>8 false. The factual statements were correct,</p> <p>9 so I signed it.</p> <p>10 Q Other than the fact that VEECO</p> <p>11 restated its financial statements for the</p> <p>12 first three quarters of 2004, were you aware</p> <p>13 of any of the substantive matters alleged in</p> <p>14 the complaint prior to reading it?</p> <p>15 MR. STOCK: Object to form.</p> <p>16 Does that include the</p> <p>17 investment made by Steelworkers</p> <p>18 Pension Trust?</p> <p>19 MR. WALLIN: No. You can</p> <p>20 excise that from the question as well.</p> <p>21 THE WITNESS: Restate your</p> <p>22 question.</p> <p>23 Q Other than the fact that the</p> <p>24 Steelworkers invested in VEECO and the fact</p> <p>25 that VEECO restated its financial statements</p>	<p style="text-align: right;">88</p> <p>1 Hoffman</p> <p>2 MR. WALLIN: Let's take a</p> <p>3 five-minute break.</p> <p>4 (Whereupon, a brief recess was</p> <p>5 taken.)</p> <p>6 Q Mr. Hoffman, can you describe in your</p> <p>7 own words plaintiff's current claims against</p> <p>8 VEECO Instruments and the individual</p> <p>9 defendants?</p> <p>10 A VEECO during the period in question</p> <p>11 overstated its earnings and just briefly</p> <p>12 overstated its earnings fraudulently and</p> <p>13 deliberately to preserve value of its shares,</p> <p>14 and then when the truth was known that the</p> <p>15 earnings were fraudulently overstated</p> <p>16 deliberately, investors investing in the</p> <p>17 stock, the true facts became known, the stock</p> <p>18 fell, and investors lost money because of the</p> <p>19 misbehavior of the principals in the company.</p> <p>20 Q When do you understand that the true</p> <p>21 facts first became known?</p> <p>22 A Early in 2005.</p> <p>23 Q Are you referring to VEECO's</p> <p>24 announcement that it was going to conduct an</p> <p>25 internal investigation?</p>
<p style="text-align: right;">87</p> <p>1 Hoffman</p> <p>2 for the first three quarters of 2004, were</p> <p>3 you aware of any of the other substantive</p> <p>4 matters alleged in the complaint that you</p> <p>5 reviewed prior to you reviewing it?</p> <p>6 A Yes, only because of my previous many</p> <p>7 conversations with Ms. Parker.</p> <p>8 Q What substantive matters were you made</p> <p>9 aware of?</p> <p>10 MR. STOCK: I direct you not to</p> <p>11 answer if you're talking about</p> <p>12 conversations between yourself and</p> <p>13 your attorney. That would be</p> <p>14 privileged conversation.</p> <p>15 Q Can you answer that question without</p> <p>16 disclosing privileged communications?</p> <p>17 A I know I only -- my knowledge as to</p> <p>18 why they had to restate their earnings comes</p> <p>19 through Miss Parker. I don't have an</p> <p>20 independent source of that. We discussed</p> <p>21 that, and she explained to me why they</p> <p>22 restated their earnings --</p> <p>23 MR. STOCK: I direct you not to</p> <p>24 answer further. We're getting into</p> <p>25 privilege here.</p>	<p style="text-align: right;">89</p> <p>1 Hoffman</p> <p>2 A Yes, when it became known when they</p> <p>3 were going to restate their earnings shortly</p> <p>4 or after it became known that there was</p> <p>5 some --</p> <p>6 MR. WALLIN: I ask you to take</p> <p>7 a look at a document that I'm going to</p> <p>8 mark as Exhibit 3 which is a</p> <p>9 February 11, 2005 press release that</p> <p>10 was filed by VEECO Instruments on form</p> <p>11 8-K.</p> <p>12 (Whereupon a press release</p> <p>13 dated February 11, 2005 filed by VEECO</p> <p>14 Instruments was marked as Exhibit 3</p> <p>15 for identification, as of this date.)</p> <p>16 Q Is this the press release you were</p> <p>17 referring to in your testimony a minute ago,</p> <p>18 Mr. Hoffman?</p> <p>19 A Say that again.</p> <p>20 Q Is this the press release you were</p> <p>21 referring in your testimony a moment ago?</p> <p>22 A It looks familiar.</p> <p>23 Q When you say that VEECO overstated its</p> <p>24 earnings, are you referring to the 10Q's that</p> <p>25 were filed for the first three quarters of</p>

<p style="text-align: right;">90</p> <p>1 Hoffman</p> <p>2 2004?</p> <p>3 A Yes.</p> <p>4 Q What is the basis for your</p> <p>5 understanding that these earnings for the</p> <p>6 first three quarters of 2004 were overstated</p> <p>7 fraudulently and deliberately?</p> <p>8 A Because they fraudulently say that in</p> <p>9 this press release, improper entries.</p> <p>10 Q And this press release indicates to</p> <p>11 you that all members of VEECO management were</p> <p>12 aware of improper accounting entries?</p> <p>13 A It certainly means that to me, yes.</p> <p>14 Q Which specific line in the press</p> <p>15 release are you indicating that indicates</p> <p>16 that to you?</p> <p>17 A Commenting on the accounting review,</p> <p>18 Edward H. Brown, chairman and CEO of VEECO,</p> <p>19 said, "Errors and improper entries were</p> <p>20 uncovered by VEECO's internal audit staff and</p> <p>21 were limited to a single VEECO business unit,</p> <p>22 TurboDisc, which was acquired in</p> <p>23 November 2003."</p> <p>24 That says to me that there was fraud.</p> <p>25 I think that's a polite -- well, I think the</p>	<p style="text-align: right;">92</p> <p>1 Hoffman</p> <p>2 was issued?</p> <p>3 A Well, I certainly read them after the</p> <p>4 press release was issued.</p> <p>5 Q That's what I meant. Shortly</p> <p>6 thereafter?</p> <p>7 A Yes.</p> <p>8 Q Can you describe for me your</p> <p>9 understanding of Mr. Weiss' participation in</p> <p>10 the alleged fraud?</p> <p>11 A As far as I can remember, Weiss was</p> <p>12 the gentleman who was in charge of foreign</p> <p>13 sales, and some product that this TurboDisc</p> <p>14 had made was sold to some Chinese outfit for</p> <p>15 like \$10 million, and there was an</p> <p>16 understanding or an agreement that VEECO</p> <p>17 wasn't to book the sale or take credit for</p> <p>18 the 10 or so million dollars until the</p> <p>19 product was delivered and accepted by the</p> <p>20 customer. But Mr. Weiss engaged in some kind</p> <p>21 of hanky-panky so they were -- so they went</p> <p>22 ahead and booked the proceeds of the sale</p> <p>23 before they were supposed to. Mr. Weiss was</p> <p>24 the one who was able to do that.</p> <p>25 Q You're saying that based on his</p>
<p style="text-align: right;">91</p> <p>1 Hoffman</p> <p>2 company, of course, tried to understate their</p> <p>3 formality of the act and didn't do a very</p> <p>4 good job of it in this press release. I</p> <p>5 mean, it's a signal to anyone that there is</p> <p>6 some very serious improprieties.</p> <p>7 Q What is your basis for believing that</p> <p>8 the alleged overstatements of revenue in the</p> <p>9 first three quarters of 2004 were made</p> <p>10 fraudulently and deliberately other than the</p> <p>11 fact that the financial statements for this</p> <p>12 period were restated?</p> <p>13 MR. STOCK: Objection. Asked</p> <p>14 and answered.</p> <p>15 A From what I read in the newspaper, the</p> <p>16 statements by the company officers, I think,</p> <p>17 signaled to me and everybody else that there</p> <p>18 was something going on there that was highly</p> <p>19 improper, but I didn't know the details of it</p> <p>20 until Miss Parker related same to me.</p> <p>21 Q What newspaper articles are you</p> <p>22 referring to?</p> <p>23 A What is stated in this release.</p> <p>24 Q Did you read those newspaper articles</p> <p>25 on or around the time that this press release</p>	<p style="text-align: right;">93</p> <p>1 Hoffman</p> <p>2 position within the company?</p> <p>3 A No, that's what I heard.</p> <p>4 Q Are you aware there was briefing that</p> <p>5 was submitted to the court in this action to</p> <p>6 determine who would be named the lead</p> <p>7 plaintiff?</p> <p>8 A I'm aware that an effort was made,</p> <p>9 yes.</p> <p>10 Q Are you aware that your counsel</p> <p>11 submitted documents to the court in</p> <p>12 connection with the Steelworkers' efforts to</p> <p>13 be named lead plaintiff?</p> <p>14 MR. WALLIN: Let's mark this as</p> <p>15 Exhibit 4. This is a filing in the</p> <p>16 Eastern District of New York. This</p> <p>17 filing is now part of the record in</p> <p>18 the Southern District of New York. It</p> <p>19 is titled, "The Steelworkers Pension</p> <p>20 Trust's Reply Memorandum of Law in</p> <p>21 Further Support of Its Motion for</p> <p>22 Appointment As Lead Plaintiff and In</p> <p>23 Opposition To The Competing Motions</p> <p>24 Filed by Ratan LalChandani and</p> <p>25 NECA-IBEW Pension Fund (The Decatur</p>

<p style="text-align: right;">94</p> <p>1 Hoffman</p> <p>2 Plan)."</p> <p>3 (Whereupon a reply memorandum</p> <p>4 of law by Steelworkers Pension Trust</p> <p>5 was marked as Exhibit 4 for</p> <p>6 identification, as of this date.)</p> <p>7 MR. WALLIN: I also ask you to</p> <p>8 look at a document, of another brief</p> <p>9 that was filed relating to another</p> <p>10 issue of who would be named as lead</p> <p>11 plaintiff. This will be marked as</p> <p>12 Exhibit 5.</p> <p>13 (Whereupon a brief was marked</p> <p>14 as Exhibit 5 for identification, as of</p> <p>15 this date.)</p> <p>16 MR. WALLIN: It is not</p> <p>17 necessary that he read them in their</p> <p>18 entirety.</p> <p>19 Q If you can look at Exhibit 5,</p> <p>20 Mr. Hoffman, on page 2, just under the</p> <p>21 heading, "Nature Of The Action."</p> <p>22 A Yes, I have it.</p> <p>23 Q You will see that the first sentence</p> <p>24 states that, "This federal class action on</p> <p>25 behalf of purchasers" -- it may be a typo --</p>	<p style="text-align: right;">96</p> <p>1 Hoffman</p> <p>2 that's the date that VEECO filed its 10-K for</p> <p>3 the first quarter of 2004.</p> <p>4 A No.</p> <p>5 Q Do you know what the significance is</p> <p>6 of the date February 10, 2005?</p> <p>7 A No. I guess that's when the</p> <p>8 restatement of the earnings --</p> <p>9 Q If you look back at Exhibit 3, is it</p> <p>10 correct that February 10, 2005 is the date</p> <p>11 before VEECO announced that it was conducting</p> <p>12 an internal investigation?</p> <p>13 A Yes.</p> <p>14 Q I believe you testified earlier that</p> <p>15 it was your understanding that the truth</p> <p>16 began to be known about VEECO on February 11,</p> <p>17 2005?</p> <p>18 A That's my understanding, yes.</p> <p>19 Q What is the date of the first</p> <p>20 statement made by VEECO that you allege was</p> <p>21 false and misleading?</p> <p>22 A Pardon?</p> <p>23 Q What is the date of the first</p> <p>24 statement made by VEECO that you allege was</p> <p>25 false and misleading?</p>
<p style="text-align: right;">95</p> <p>1 Hoffman</p> <p>2 "of the purchasers of the publicly traded</p> <p>3 stock of VEECO between April 26, 2004 and</p> <p>4 February 10, 2005," and then it says,</p> <p>5 "inclusive (the class period)."</p> <p>6 You referred in a number of your</p> <p>7 answers to the period in question. Is the</p> <p>8 period that you refer to in your answer</p> <p>9 April 26, 2004 to February 10, 2005?</p> <p>10 A I'm not certain of the date. I'm</p> <p>11 referring to the class period.</p> <p>12 Q I'm asking whether it's your</p> <p>13 understanding that the current class period</p> <p>14 is from April 26, 2004 to February 10, 2005.</p> <p>15 MR. STOCK: Objection. Asked</p> <p>16 and answered.</p> <p>17 A Yes.</p> <p>18 MR. STOCK: He said he wasn't</p> <p>19 certain.</p> <p>20 Q Do you know what the significance is</p> <p>21 of April 26, 2004?</p> <p>22 A No, other than you had to buy the</p> <p>23 stock after that date, but that is about all</p> <p>24 I would know.</p> <p>25 Q I'm asking you whether you recognize</p>	<p style="text-align: right;">97</p> <p>1 Hoffman</p> <p>2 MR. STOCK: If you're referring</p> <p>3 to the complaint, why's don't you show</p> <p>4 it to the witness?</p> <p>5 MR. WALLIN: I'll show him the</p> <p>6 complaint in a minute.</p> <p>7 A Say that again.</p> <p>8 Q What is the date of the first</p> <p>9 statement made by VEECO that you allege was</p> <p>10 false and misleading?</p> <p>11 A I don't think it was a statement. The</p> <p>12 fact that they -- statement in the normal</p> <p>13 sense of the word is when they were booking</p> <p>14 earnings they shouldn't have booked and when</p> <p>15 they were valuing inventory that had no</p> <p>16 value. That was the fraudulent act.</p> <p>17 Q I'm asking you whether you're aware of</p> <p>18 any false statements made by VEECO.</p> <p>19 A I consider that was a statement.</p> <p>20 Q I understand that. I'm asking whether</p> <p>21 you're aware of any public filings by VEECO</p> <p>22 that were false and misleading prior to the</p> <p>23 filing of the original 10-K for the first</p> <p>24 quarter of 2004.</p> <p>25 A No, I'm not aware.</p>

<p style="text-align: right;">98</p> <p>1 Hoffman</p> <p>2 MR. WALLIN: I'm going to mark</p> <p>3 as Exhibit 6 a press release dated</p> <p>4 November 3, 2003 filed on Form 8-K</p> <p>5 announcing VEECO's acquisition of</p> <p>6 import Turbodisc business. Let's mark</p> <p>7 that as Exhibit 6.</p> <p>8 (Whereupon a press release</p> <p>9 dated November 3, 2003 was marked as</p> <p>10 Exhibit 6 for identification, as of</p> <p>11 this date.)</p> <p>12 MR. WALLIN: As Exhibit 7, I'm</p> <p>13 going to mark the transcript of a</p> <p>14 conference call on that same day,</p> <p>15 November 3, 2003.</p> <p>16 (Whereupon a transcript of a</p> <p>17 conference call on November 3, 2003</p> <p>18 was marked as Exhibit 7 for</p> <p>19 identification, as of this date.)</p> <p>20 Q Do you recognize the document marked</p> <p>21 as Exhibit 6?</p> <p>22 A I never saw it before.</p> <p>23 Q I take it you don't recognize</p> <p>24 Exhibit 7, either?</p> <p>25 A No.</p>	<p style="text-align: right;">100</p> <p>1 Hoffman</p> <p>2 requesting time to read it today.</p> <p>3 MR. WALLIN: This is a matter</p> <p>4 of dispute. I'm able to give</p> <p>5 Mr. Hoffman time to review this and</p> <p>6 see if he can point out any false or</p> <p>7 misleading statements in the document.</p> <p>8 THE WITNESS: I beg your</p> <p>9 pardon?</p> <p>10 Q Let me be very clear. If you were to</p> <p>11 take time to review this entire document,</p> <p>12 would you be able to identify any false and</p> <p>13 misleading statements in it?</p> <p>14 A Probably not.</p> <p>15 Q And you never saw this document?</p> <p>16 A I never saw it.</p> <p>17 Q I take it you did have an opportunity</p> <p>18 to review Exhibit 6 which is just a two-page</p> <p>19 press release?</p> <p>20 A Yes, here today.</p> <p>21 Q You're not aware of any false and</p> <p>22 misleading statements in that document?</p> <p>23 A No, I'm not.</p> <p>24 Q Looking back at what I believe we</p> <p>25 marked as Exhibit 2, which is form 10-K for</p>
<p style="text-align: right;">99</p> <p>1 Hoffman</p> <p>2 Q Do you know whether the Steelworkers</p> <p>3 held any VEECO stock as of November 3, 2003?</p> <p>4 A No, I don't.</p> <p>5 Q Do you recall ever learning at any</p> <p>6 point in time during 2003 or 2004 that VEECO</p> <p>7 had purchased a business unit called</p> <p>8 TurboDisc from another company called Emcore?</p> <p>9 A No.</p> <p>10 Q Are you aware of any false and</p> <p>11 misleading statements contained in Exhibit 6?</p> <p>12 A Since I'm not familiar with Exhibit 6,</p> <p>13 I can't answer that.</p> <p>14 Q Are you aware of any false or</p> <p>15 misleading statements in Exhibit 7?</p> <p>16 A Since I've never seen it before, I</p> <p>17 can't answer that.</p> <p>18 Q I take it you were not listening in on</p> <p>19 this conference call?</p> <p>20 A No, I wasn't.</p> <p>21 MR. STOCK: Note that Exhibit 7</p> <p>22 is about eight pages in very small</p> <p>23 type and it has a lot of different</p> <p>24 statements in it, and he did not have</p> <p>25 enough time to read it today, nor am I</p>	<p style="text-align: right;">101</p> <p>1 Hoffman</p> <p>2 December 31, 2003, I appreciate it's a long</p> <p>3 document and I'm not going to ask you to</p> <p>4 review it all.</p> <p>5 Sitting here today, are you able to</p> <p>6 define any false and misleading statements in</p> <p>7 that document?</p> <p>8 A No, I can't.</p> <p>9 MR. WALLIN: Let's mark as</p> <p>10 Exhibit 8 the consolidated amended</p> <p>11 class action claim in this action.</p> <p>12 (Whereupon consolidated amended</p> <p>13 class action claim was marked as</p> <p>14 Exhibit 8 for identification, as of</p> <p>15 this date.)</p> <p>16 Q Is this the complaint that you</p> <p>17 reviewed previously that you referred to?</p> <p>18 A I can't hear you.</p> <p>19 Q You referred earlier to reviewing a</p> <p>20 complaint before it was filed. Was it a</p> <p>21 final or near final version of the document</p> <p>22 that you have in your hand now?</p> <p>23 A Yes.</p> <p>24 Q I direct your attention to the first</p> <p>25 paragraph of the complaint just under the</p>

<p style="text-align: right;">102</p> <p>1 Hoffman</p> <p>2 section titled, "Nature Of The Action." Do</p> <p>3 you see there in the first paragraph that it</p> <p>4 refers to a federal class action on behalf of</p> <p>5 purchasers of the securities of VEECO between</p> <p>6 November 3, 2003 and February 10, 2005?</p> <p>7 A Yes.</p> <p>8 Q Look back, if you would, at Exhibit 5,</p> <p>9 page 2.</p> <p>10 A Okay.</p> <p>11 Q You'll see on page 2, as we discussed</p> <p>12 previously, on page 2 of Exhibit 5 there is a</p> <p>13 reference to a class period of April 26, 2004</p> <p>14 to February 10, 2005.</p> <p>15 A Yes.</p> <p>16 Q In Exhibit 8 there is a different</p> <p>17 proposed class period from November 3, 2003</p> <p>18 to February 10, 2005?</p> <p>19 A Yes.</p> <p>20 Q Do you know why plaintiffs are</p> <p>21 currently asserting an action on behalf of</p> <p>22 purchasers between November 3, 2003 and</p> <p>23 February 10, 2005 as opposed to an action on</p> <p>24 behalf of purchasers of VEECO stock between</p> <p>25 April 26, 2004 and February 10, 2005?</p>	<p style="text-align: right;">104</p> <p>1 Hoffman</p> <p>2 SPT 10. It's a document entitled,</p> <p>3 "VEECO Instruments, Inc. Certification</p> <p>4 Pursuant To The Federal Securities</p> <p>5 Laws."</p> <p>6 (Whereupon a document bearing</p> <p>7 production numbers SPT 09 through SPT</p> <p>8 10 was marked as Exhibit 9 for</p> <p>9 identification, as of this date.)</p> <p>10 MR. WALLIN: And then let's</p> <p>11 mark as Exhibit 10 an amended</p> <p>12 certification pursuant to the federal</p> <p>13 securities laws, SPT 11 through SPT</p> <p>14 12.</p> <p>15 (Whereupon a document bearing</p> <p>16 production numbers SPT 11 through SPT</p> <p>17 12 was marked as Exhibit 10 for</p> <p>18 identification, as of this date.)</p> <p>19 Q Look at Exhibit 9 first.</p> <p>20 First of all, what is your</p> <p>21 understanding of what this document is?</p> <p>22 A As I recall, this was a filing that</p> <p>23 said that -- essentially that Steelworkers</p> <p>24 Pension Trust lost money and we're willing to</p> <p>25 serve as lead.</p>
<p style="text-align: right;">103</p> <p>1 Hoffman</p> <p>2 A That was one of the things I did</p> <p>3 notice when I read the complaint, one of the</p> <p>4 few things that I remember. I remember</p> <p>5 asking Phyllis about that --</p> <p>6 MR. STOCK: I direct you not to</p> <p>7 discuss your conversation with your</p> <p>8 attorney.</p> <p>9 If you have an understanding</p> <p>10 now, you can answer the question.</p> <p>11 THE WITNESS: My understanding</p> <p>12 is that Fox made two purchases and one</p> <p>13 they made money on, so it was the</p> <p>14 second purchase where we lost money, a</p> <p>15 set-off or something, something like</p> <p>16 that.</p> <p>17 I was just curious as to why</p> <p>18 the difference. It doesn't have a</p> <p>19 regular significance to me, but I was</p> <p>20 just curious what the difference was,</p> <p>21 one of the few things I remember.</p> <p>22 MR. WALLIN: Maybe we can look</p> <p>23 at the certifications.</p> <p>24 Let's mark as Exhibit 9 a</p> <p>25 document Bates stamped SPT 09 through</p>	<p style="text-align: right;">105</p> <p>1 Hoffman</p> <p>2 Q Is that your signature on the second</p> <p>3 page? Yes, it is?</p> <p>4 A This signature? It was signed by my</p> <p>5 assistant.</p> <p>6 Q It's on your behalf?</p> <p>7 A On my authorization.</p> <p>8 Q You reviewed this document and</p> <p>9 authorized someone to sign on your behalf?</p> <p>10 A Yes. I was away at the time and she</p> <p>11 read me the document and I said, "Yes," it's</p> <p>12 okay to sign.</p> <p>13 Q Look at Exhibit 10, if you would.</p> <p>14 A Yes.</p> <p>15 Q First of all, is that your signature</p> <p>16 on the second page of this document?</p> <p>17 A Yes.</p> <p>18 Q Do you understand why it was necessary</p> <p>19 to file an amended certification?</p> <p>20 A No. I don't remember. I probably did</p> <p>21 at the time. I don't remember why.</p> <p>22 Q Do you understand that one of the</p> <p>23 purposes of these certifications is to</p> <p>24 disclose purchasers of VEECO stock by the</p> <p>25 Steelworkers?</p>

<p style="text-align: right;">106</p> <p>1 Hoffman</p> <p>2 A Yes.</p> <p>3 Q If you could compare paragraph 4 in</p> <p>4 Exhibit 9 and paragraph 4 in Exhibit 10,</p> <p>5 you'll see that Exhibit 10 reflects the sale</p> <p>6 of 40,000 shares of VEECO stock on January 6,</p> <p>7 2004 and Exhibit 9 does not; is that correct?</p> <p>8 A Correct.</p> <p>9 Q Is that sale on January 6, 2004 the</p> <p>10 sale that you were referring to a couple of</p> <p>11 minutes ago that was made prior to April 26,</p> <p>12 2004?</p> <p>13 A It was the sale of stock purchased</p> <p>14 before that date, yes.</p> <p>15 Q You referred to some transaction</p> <p>16 before April 26, 2004 was one of the reasons</p> <p>17 why the class period is different?</p> <p>18 A Yes.</p> <p>19 Q I'm asking you if you were referring</p> <p>20 to this transaction.</p> <p>21 A Yes.</p> <p>22 MR. WALLIN: Let's mark this as</p> <p>23 Exhibit 11. These are additional</p> <p>24 documents produced by your counsel in</p> <p>25 this action Bates stamped SPT 03</p>	<p style="text-align: right;">108</p> <p>1 Hoffman</p> <p>2 A It was State Street and later</p> <p>3 Deutsche, and now it is CoAmerica. They</p> <p>4 straddle this period, I think. No, Deutsche</p> <p>5 was purchased by State Street. It was</p> <p>6 Deutsche, State Street or something like</p> <p>7 that.</p> <p>8 Q I don't think it's critical for these</p> <p>9 purposes.</p> <p>10 A These look to me like statements from</p> <p>11 the custodian that we obtained and supplied</p> <p>12 to our attorney.</p> <p>13 Q Are these statements that the</p> <p>14 Steelworkers will receive on a monthly basis?</p> <p>15 A We receive statements every day on</p> <p>16 their web site. We can access by computer.</p> <p>17 9:30 every day we're updated on exactly what</p> <p>18 we hold and what amounts.</p> <p>19 Q Take a look at page SPT 06 which</p> <p>20 appears to be one of the pages of the</p> <p>21 statements from State Street. I think it</p> <p>22 would also be easier for you if you have</p> <p>23 Exhibit 10 in front of you at the same time.</p> <p>24 I want to confirm that the</p> <p>25 transactions referred to in these account</p>
<p style="text-align: right;">107</p> <p>1 Hoffman</p> <p>2 through 08. It appears to be an</p> <p>3 account statement or a series of</p> <p>4 account statements.</p> <p>5 I'm happy to leave them</p> <p>6 attached as one exhibit unless your</p> <p>7 counsel would prefer to separate them</p> <p>8 into different exhibits.</p> <p>9 MR. STOCK: That's fine at this</p> <p>10 point.</p> <p>11 (Whereupon a document bearing</p> <p>12 production numbers SPT 03 through SPT</p> <p>13 08 was marked as Exhibit 11 for</p> <p>14 identification, as of this date.)</p> <p>15 THE WITNESS: Yes.</p> <p>16 Q Do you recognize the documents that I</p> <p>17 just handed you and marked as Exhibit 11?</p> <p>18 A What I recognize is these are</p> <p>19 statements from the custodian about these</p> <p>20 trades.</p> <p>21 Q Who are you referring to by the</p> <p>22 custodian?</p> <p>23 A The bank that holds our -- the actual</p> <p>24 custodian of the securities.</p> <p>25 Q What bank is that?</p>	<p style="text-align: right;">109</p> <p>1 Hoffman</p> <p>2 statements are the same ones that are</p> <p>3 referred to in the certification.</p> <p>4 A What statements should I look at?</p> <p>5 Q I was suggesting it would be easier</p> <p>6 for you if you have the two documents in</p> <p>7 front of you.</p> <p>8 A I do.</p> <p>9 Q Exhibit 10, I think you probably</p> <p>10 remember, refers to the sale of 40,000 shares</p> <p>11 of VEECO stock on January 6, 2004.</p> <p>12 A Yes.</p> <p>13 Q On page SPT 06, Exhibit 11, there</p> <p>14 appears to be a reference to the sale of</p> <p>15 40,000 shares on January 6, 2004.</p> <p>16 Is this sale in this account statement</p> <p>17 the same transaction that is referred to in</p> <p>18 paragraph 4 of Exhibit 10?</p> <p>19 A I can't find page 06.</p> <p>20 MR. WALLIN: Off the record.</p> <p>21 (Whereupon, a discussion was</p> <p>22 held off the record.)</p> <p>23 THE WITNESS: What is the</p> <p>24 question?</p> <p>25 Q Whether the transaction referred to</p>

<p style="text-align: right;">110</p> <p>1 Hoffman</p> <p>2 here in the first row of Exhibit 11 on page</p> <p>3 SPT 06, the sale of 40,000 shares; do you see</p> <p>4 that?</p> <p>5 A Yes.</p> <p>6 Q Is that the same transaction referred</p> <p>7 to in paragraph 4 of Exhibit 10?</p> <p>8 A It certainly appears to be, yes.</p> <p>9 Q Am I correct that this document</p> <p>10 reflects receipt of proceeds by the</p> <p>11 Steelworkers Pension Trust of \$1,255,197?</p> <p>12 A And 17 cents, yes.</p> <p>13 Q I guess that's after fees of \$59 or</p> <p>14 \$58.93?</p> <p>15 A Yes.</p> <p>16 Q Look at Steelworkers Pension Trust,</p> <p>17 07.</p> <p>18 A The next page?</p> <p>19 Q Yes, the next page.</p> <p>20 A Yes.</p> <p>21 Q This appears to reflect the purchase</p> <p>22 of two blocks of VEECO shares, one on May 19,</p> <p>23 2004 and one on May 20, 2004 with the first</p> <p>24 block being 6,675 shares and the second block</p> <p>25 being 33,325 shares; is that correct?</p>	<p style="text-align: right;">112</p> <p>1 Hoffman</p> <p>2 \$1,255,197.17 and an investment cost of</p> <p>3 \$941,595.11?</p> <p>4 A Yes.</p> <p>5 Q Both transactions were for aggregate</p> <p>6 blocks of 40,000 shares?</p> <p>7 A Yes.</p> <p>8 Q Are you aware of any other</p> <p>9 transactions in VEECO stock during the period</p> <p>10 from November 3, 2003 through February 10,</p> <p>11 2005 by the Steelworkers?</p> <p>12 A Yes. We bought some stock that we</p> <p>13 lost money on.</p> <p>14 Q I'll ask it again.</p> <p>15 Are you aware of any other purchases</p> <p>16 or sales by the Steelworkers of VEECO stock</p> <p>17 between November 3, 2003 and February 10,</p> <p>18 2005 other than the transactions listed on</p> <p>19 Exhibit 10?</p> <p>20 A No.</p> <p>21 Q The 40,000 shares that are listed as</p> <p>22 being purchased here in May of 2004 -- again,</p> <p>23 I'm referring back to Exhibit 11 -- did the</p> <p>24 Steelworkers continue to hold those shares as</p> <p>25 of February 10, 2005?</p>
<p style="text-align: right;">111</p> <p>1 Hoffman</p> <p>2 A Yes.</p> <p>3 Q Are those the same transactions that</p> <p>4 are referred to in paragraph 4 Exhibit 10?</p> <p>5 A That shows a purchase of approximately</p> <p>6 40,000 shares and the other one on page SPT,</p> <p>7 whatever it is --</p> <p>8 Q I'm asking you a slightly different</p> <p>9 question. I'm trying to link these</p> <p>10 transactions to the transactions that are</p> <p>11 listed on Exhibit 10.</p> <p>12 A Oh, yes.</p> <p>13 Q That's all I'm trying to figure out.</p> <p>14 I won't ask you to pull out a calculator, but</p> <p>15 I added the investment cost of the two</p> <p>16 investments made on SPT 07 and it appears to</p> <p>17 total \$941,595.11.</p> <p>18 Does that appear to be approximately</p> <p>19 current just by eyeballing it?</p> <p>20 A I guess.</p> <p>21 Q I'm looking at Steelworkers Pension</p> <p>22 Trust 07. You're probably as good or better</p> <p>23 in doing math in your head than I am.</p> <p>24 Am I correct that taken together SPT</p> <p>25 06 and SPT 07 reflect proceeds of</p>	<p style="text-align: right;">113</p> <p>1 Hoffman</p> <p>2 A Fox purchased 40,000 and sold 40,000,</p> <p>3 and they made a profit. And at a different</p> <p>4 time period they purchased more, and they</p> <p>5 lost money in the transaction.</p> <p>6 Q I'm merely asking how many shares of</p> <p>7 VEECO stock the Steelworkers held as of</p> <p>8 February 10, 2005.</p> <p>9 A I don't know.</p> <p>10 Q Does Exhibit 10 indicate to you that</p> <p>11 it must have been 40,000 shares or that it</p> <p>12 must have been at least 40,000 shares?</p> <p>13 A We purchased 40,000 shares and sold</p> <p>14 them on January 6th. I don't know.</p> <p>15 Q I might be able to clear this up with</p> <p>16 another exhibit.</p> <p>17 MR. WALLIN: I ask you to look</p> <p>18 at a document that was previously</p> <p>19 produced to me by Fox Asset</p> <p>20 Management. It's been previously</p> <p>21 provided to your counsel. Let's mark</p> <p>22 it as Exhibit 12.</p> <p>23 (Whereupon a document was</p> <p>24 marked as Exhibit 12 for</p> <p>25 identification, as of this date.)</p>

Slimscript Copy: IN RE: VEECO INSTRUMENTS, INC.: RICHARD S. HOFFMAN, 12/8/2005

<p style="text-align: right;">114</p> <p>1 Hoffman</p> <p>2 Q Do you recognize what we have marked</p> <p>3 as Exhibit 12?</p> <p>4 A I never saw it before.</p> <p>5 Q Have you ever seen a document in this</p> <p>6 form before?</p> <p>7 A I've seen documents of this form</p> <p>8 before, yes.</p> <p>9 Q Do you understand how to read the</p> <p>10 document of this sort?</p> <p>11 A No.</p> <p>12 MR. STOCK: We're willing to</p> <p>13 stipulate to the accuracy of the</p> <p>14 transactions listed here.</p> <p>15 MR. WALLIN: Okay. Fine.</p> <p>16 Q Look at the bottom two transactions</p> <p>17 here on this page, Mr. Hoffman.</p> <p>18 A The last two transactions in?</p> <p>19 Q Yes.</p> <p>20 Do you recall VEECO selling -- do you</p> <p>21 recall the Steelworkers selling two blocks of</p> <p>22 VEECO shares on or around May 25, 2005?</p> <p>23 A I recall they sold shares at a loss in</p> <p>24 2005.</p> <p>25 Q Around that time period?</p>	<p style="text-align: right;">116</p> <p>1 Hoffman</p> <p>2 A We provided them with everything.</p> <p>3 MR. STOCK: I want to note for</p> <p>4 the record that there are certainly</p> <p>5 different time periods, that Exhibit</p> <p>6 10 certifies us to all transactions</p> <p>7 between November 3, 2003 to February</p> <p>8 10, 2005 and Exhibit 12 appears to</p> <p>9 include all transactions from</p> <p>10 January 2, 1997 to November 28, 2005.</p> <p>11 When the question is that only</p> <p>12 Fox Asset Management, we had no</p> <p>13 occasion to and certainly we didn't</p> <p>14 update this morning whether any other</p> <p>15 investment managers have invested</p> <p>16 outside of the class period.</p> <p>17 MR. WALLIN: I understand that,</p> <p>18 and I wasn't intending to suggest that</p> <p>19 those two documents covered the same</p> <p>20 time period.</p> <p>21 Another five-minute break, and</p> <p>22 maybe we can wrap it in 45 minutes.</p> <p>23 (Brief recess was taken.)</p> <p>24 Q We noted earlier in Exhibit 8 that the</p> <p>25 class -- proposed class period is from</p>
<p style="text-align: right;">115</p> <p>1 Hoffman</p> <p>2 A Yes.</p> <p>3 Q Is it your understanding that</p> <p>4 Steelworkers sold all of its holdings in</p> <p>5 VEECO Instruments at that time?</p> <p>6 A All the holdings by Fox, yes. I don't</p> <p>7 know about the others.</p> <p>8 Q Do you have any reason to believe</p> <p>9 there were holdings by other money managers</p> <p>10 other than the holdings by Fox?</p> <p>11 A I have no reason to believe that, but</p> <p>12 I can't swear that they didn't have an</p> <p>13 investment in VEECO.</p> <p>14 Q What steps did you take to ensure that</p> <p>15 the certification marked as Exhibit 10 was</p> <p>16 accurate when you signed it?</p> <p>17 A I didn't take any steps. I assumed it</p> <p>18 was accurate because of all the information</p> <p>19 that we had given to our attorney. I didn't</p> <p>20 go back and check the documents we had given</p> <p>21 them, our attorneys, and I trusted them, and</p> <p>22 I assume that they put the correct</p> <p>23 information.</p> <p>24 Q Does that mean you provided some sort</p> <p>25 of trading records to your attorneys?</p>	<p style="text-align: right;">117</p> <p>1 Hoffman</p> <p>2 November 3, 2003 to February 10, 2005,</p> <p>3 correct?</p> <p>4 A Yes.</p> <p>5 Q Is it your view that the price of</p> <p>6 VEECO stock was inflated at all points in</p> <p>7 time during that period?</p> <p>8 A Can you repeat that?</p> <p>9 Q Is it your view that the price of</p> <p>10 VEECO stock was inflated as a result of false</p> <p>11 and misleading statements by VEECO at all</p> <p>12 points in time during that period?</p> <p>13 A I can only tell you that the price was</p> <p>14 inflated at the time we purchased it.</p> <p>15 Q Do you have a view whether it was</p> <p>16 inflated?</p> <p>17 A Yes, I have a view. It probably was</p> <p>18 inflated.</p> <p>19 Q Are you aware that the complaint</p> <p>20 alleges that the price of VEECO stock was</p> <p>21 inflated at all points in time between</p> <p>22 November 3, 2003 and February 10, 2005?</p> <p>23 A I don't specifically remember that</p> <p>24 allegation. I know it was inflated at the</p> <p>25 time we purchased it.</p>

<p style="text-align: right;">118</p> <p>1 Hoffman</p> <p>2 MR. WALLIN: Take a look at a</p> <p>3 document that I'm going to mark as</p> <p>4 Exhibit 13. It is a document that I</p> <p>5 received yesterday afternoon from Fox</p> <p>6 Asset Management. It appears to be</p> <p>7 some additional accounts statements</p> <p>8 from Fox Asset Management.</p> <p>9 (Whereupon a series of account</p> <p>10 statements from Fox Asset Management</p> <p>11 was marked as Exhibit 13 for</p> <p>12 identification, as of this date.)</p> <p>13 Q Before we get into Exhibit 13, look</p> <p>14 back to Exhibit 8, paragraph 143.</p> <p>15 A Exhibit 8?</p> <p>16 Q Yes. Paragraph 143. It's on page 56</p> <p>17 of the document.</p> <p>18 A Got it.</p> <p>19 Q Do you see the last sentence in that</p> <p>20 paragraph? I just want to make sure we're</p> <p>21 very clear on one point. "Under these</p> <p>22 circumstances, all purchasers of VEECO</p> <p>23 securities during the Class Period suffered</p> <p>24 similar injury through their purchase of</p> <p>25 VEECO securities at artificially inflated</p>	<p style="text-align: right;">120</p> <p>1 Hoffman</p> <p>2 About halfway in at the top of the</p> <p>3 page with an "as of" date in the top</p> <p>4 right-hand corner of 31 January '04, it is a</p> <p>5 page that relates to transaction of an asset,</p> <p>6 ID 922-41-7100.</p> <p>7 MR. STOCK: Is that the one</p> <p>8 that says May 1, '04 through May 31,</p> <p>9 '04?</p> <p>10 MR. WALLIN: I think we're</p> <p>11 looking at a different page.</p> <p>12 MR. STOCK: Oh, it's a State</p> <p>13 Street page?</p> <p>14 MR. WALLIN: Yes. The page</p> <p>15 appears to be split into two parts.</p> <p>16 I'm looking at the second split page.</p> <p>17 MR. STOCK: Okay.</p> <p>18 MR. WALLIN: It has a reference</p> <p>19 to a transaction of 40,000 shares.</p> <p>20 Q Do you see that, Mr. Hoffman?</p> <p>21 A Yes, I see it.</p> <p>22 Q Do you recognize this document?</p> <p>23 A I never saw it.</p> <p>24 Q Do you recognize the form of this</p> <p>25 document?</p>
<p style="text-align: right;">119</p> <p>1 Hoffman</p> <p>2 prices and a presumption of reliance</p> <p>3 applies."</p> <p>4 Do you see that sentence?</p> <p>5 A Yes. Yes, I see that sentence.</p> <p>6 Q Does that refresh your recollection</p> <p>7 that the complaint alleges that the price of</p> <p>8 VEEGO stock was artificially inflated</p> <p>9 throughout the class period?</p> <p>10 A Apparently it was, yes.</p> <p>11 Q Do you have any reason to disagree</p> <p>12 with that allegation sitting here today?</p> <p>13 A No.</p> <p>14 Q Look at Exhibit 13 that I just handed</p> <p>15 to you.</p> <p>16 MR. WALLIN: Again, Exhibit 13</p> <p>17 appears to be a collection of account</p> <p>18 statements that I'm happy to leave</p> <p>19 marked in a collection, but if your</p> <p>20 counsel would prefer to separate them,</p> <p>21 I will.</p> <p>22 MR. STOCK: No.</p> <p>23 Q This document doesn't have page</p> <p>24 numbers, so it will be a little cumbersome to</p> <p>25 get to the page I want.</p>	<p style="text-align: right;">121</p> <p>1 Hoffman</p> <p>2 A Yes, I do.</p> <p>3 Q What is the form of this document?</p> <p>4 A It just shows trades during a</p> <p>5 particular period of time, or a particular</p> <p>6 trade.</p> <p>7 Q Is this the sort of report that the</p> <p>8 Steelworkers received from their money</p> <p>9 managers on a regular basis?</p> <p>10 A No.</p> <p>11 Q Do you ever receive these type of</p> <p>12 reports?</p> <p>13 A No, unless we specifically request</p> <p>14 them. The report is prepared by the money</p> <p>15 manager.</p> <p>16 Q Do you receive account statements on a</p> <p>17 periodic basis from the money managers?</p> <p>18 A Every day through the custodian.</p> <p>19 Q Is this one of the daily account</p> <p>20 statements?</p> <p>21 A It appears to be, yes.</p> <p>22 Q Do you feel confident that you know</p> <p>23 how to read this document correctly?</p> <p>24 A No, I don't feel confident.</p> <p>25 Q I'm going to ask you about specific</p>

<p style="text-align: right;">122</p> <p>1 Hoffman</p> <p>2 items. We'll see if you understand.</p> <p>3 The reference here on the top left</p> <p>4 corner to 40,000 shares appears to refer to a</p> <p>5 transaction on January 6, 2004. Is that the</p> <p>6 same transaction that is referred to in</p> <p>7 paragraph 4 of Exhibit 10?</p> <p>8 A It appears to be.</p> <p>9 Q That is the transaction that had</p> <p>10 proceeds of \$1,255,197.17?</p> <p>11 A Correct.</p> <p>12 Q Looking one space over underneath the</p> <p>13 column titled, "Base Cost," there is a number</p> <p>14 \$1,033,024.50.</p> <p>15 Does that column indicate the cost</p> <p>16 basis of the Steelworkers' purchase of this</p> <p>17 block of VEECO securities?</p> <p>18 A Yes.</p> <p>19 Q Does the third column with number</p> <p>20 \$222,172.67 indicate the net gain on the</p> <p>21 Steelworkers sale of this block of</p> <p>22 securities?</p> <p>23 A Yes.</p> <p>24 Q Look back at the second page of the</p> <p>25 second overall page of this exhibit. If you</p>	<p style="text-align: right;">124</p> <p>1 Hoffman</p> <p>2 VEECO stock listed on Exhibit 12?</p> <p>3 A Repeat the question.</p> <p>4 Q Do you have any knowledge of why the</p> <p>5 Steelworkers purchased any of the blocks of</p> <p>6 shares of VEECO stock listed on Exhibit 12?</p> <p>7 A The only knowledge I have is that the</p> <p>8 money manager, Fox, decided to do the</p> <p>9 transaction.</p> <p>10 Q That is exactly what I'm asking. Do</p> <p>11 you have any knowledge beyond that?</p> <p>12 A Not beyond that, no.</p> <p>13 Q Do you have any knowledge as to why</p> <p>14 Fox Asset Management decided to purchase</p> <p>15 those blocks of shares at that particular</p> <p>16 point in time?</p> <p>17 A No.</p> <p>18 Q Do you have any knowledge why Fox</p> <p>19 Asset Management sold these blocks of shares</p> <p>20 listed on Exhibit 12 at a particular point in</p> <p>21 time?</p> <p>22 A No direct knowledge.</p> <p>23 Q Do you have some indirect knowledge?</p> <p>24 A No, I have no indirect knowledge.</p> <p>25 Q Am I correct that you do not know what</p>
<p style="text-align: right;">123</p> <p>1 Hoffman</p> <p>2 can get in front of you as well Exhibit 12.</p> <p>3 A Okay.</p> <p>4 Q Your counsel has already stipulated to</p> <p>5 the accuracy of the transactions listed in</p> <p>6 Exhibit 12 so I won't make you go through</p> <p>7 that again, but I just want to confirm that</p> <p>8 the transaction listed here at the bottom of</p> <p>9 the second page of Exhibit 13, the sale of</p> <p>10 40,000 shares, is referring to the sale of</p> <p>11 the two blocks of VEECO stock listed here on</p> <p>12 the bottom of the master transaction summary</p> <p>13 that is marked as Exhibit 12.</p> <p>14 A It appears to, yes.</p> <p>15 Q You'll note that the settlement dates</p> <p>16 for both is listed as May 31, 2005?</p> <p>17 A Yes.</p> <p>18 Q Am I correct that the stock indicates</p> <p>19 that the Steelworkers lost \$353,103.80 on the</p> <p>20 sale of this block of 40,000 shares?</p> <p>21 A Correct.</p> <p>22 Q Let's continue to look at Exhibit 12</p> <p>23 for just a moment.</p> <p>24 Do you have any knowledge of why the</p> <p>25 Steelworkers made any of the purchases of</p>	<p style="text-align: right;">125</p> <p>1 Hoffman</p> <p>2 information Fox Asset Management did or did</p> <p>3 not rely on in deciding to execute these</p> <p>4 transactions?</p> <p>5 A No, I do not.</p> <p>6 Q Did you ever have any discussions with</p> <p>7 anyone else affiliated with the Steelworkers</p> <p>8 Pension Trust concerning the advisability of</p> <p>9 the Steelworkers investing in VEECO stock at</p> <p>10 any point in time between November 3, 2003</p> <p>11 and the present date?</p> <p>12 A No.</p> <p>13 Q I know you've testified that you</p> <p>14 wouldn't have discussed that directly with</p> <p>15 the money manager. I'm just asking whether</p> <p>16 you ever off-line had a discussion of that</p> <p>17 sort with anybody internally.</p> <p>18 A No.</p> <p>19 Q Look at paragraphs 45 through 56.</p> <p>20 These are allegations relating to</p> <p>21 transitional service agreement between VEECO</p> <p>22 Instruments and Emcore.</p> <p>23 A Yes.</p> <p>24 Q Are you familiar with the substance of</p> <p>25 the allegations in paragraphs 45 through 56?</p>

<p style="text-align: right;">126</p> <p>1 Hoffman</p> <p>2 A What I was aware of when this document</p> <p>3 was presented to me for signature was that</p> <p>4 VEECO had purchased the TurboDisc from</p> <p>5 another company and screwed it up pretty</p> <p>6 badly by -- the original owner of TurboDisc</p> <p>7 had outsourced a lot of the manufacturing</p> <p>8 which VEECO attempted to bring in-house and</p> <p>9 really screwed it up and made an inferior</p> <p>10 product which caused them to lose customers</p> <p>11 and caused them to have claims under</p> <p>12 warranties skyrocket. That is the general</p> <p>13 knowledge that I had.</p> <p>14 Q Skim paragraphs 45 through 56, because</p> <p>15 I think you're confusing some of the</p> <p>16 allegations in the complaint.</p> <p>17 MR. STOCK: I object to his</p> <p>18 characterization of his testimony, but</p> <p>19 continue.</p> <p>20 A You want me to read all of this?</p> <p>21 Q I think if you read it quickly, it</p> <p>22 will probably bring it back to you. It's</p> <p>23 only about three or four pages I would like</p> <p>24 to you look at.</p> <p>25 A My answer stands. I was aware when I</p>	<p style="text-align: right;">128</p> <p>1 Hoffman</p> <p>2 Q Did VEECO's restatement of its</p> <p>3 financial statement for the first three</p> <p>4 quarters of 2004 reflect any correction or</p> <p>5 adjustment of any revenue that VEECO had</p> <p>6 originally recognized during the first three</p> <p>7 quarters of 2004 relating to a transitional</p> <p>8 service agreement between VEECO and Emcore?</p> <p>9 A I do not know.</p> <p>10 Q Are the Steelworkers purporting to</p> <p>11 represent persons who purchased a block of</p> <p>12 shares at some point after November 3, 2003</p> <p>13 and sold their entire block of shares prior</p> <p>14 to February 10, 2005?</p> <p>15 A I'm not sure of the dates, but we are</p> <p>16 purporting to represent those who purchased</p> <p>17 and sold shares within the class period.</p> <p>18 Q I think I can refer to this better.</p> <p>19 Are you purporting to represent only those</p> <p>20 purchasers of VEECO stock who continue to</p> <p>21 hold VEECO stock as of February 10, 2005?</p> <p>22 A I don't know. My understanding is we</p> <p>23 represent as lead plaintiff those who lost</p> <p>24 money on VEECO stock during that certain</p> <p>25 period of time. If someone is still holding</p>
<p style="text-align: right;">127</p> <p>1 Hoffman</p> <p>2 reviewed this answer of a general sad history</p> <p>3 of the acquisition of TurboDisc. I wasn't</p> <p>4 aware of all the details. I probably was</p> <p>5 advised of them somewhere along the line, but</p> <p>6 I just had a general recollection.</p> <p>7 Q I wasn't trying to challenge your</p> <p>8 answer.</p> <p>9 Does this refresh your recollection</p> <p>10 that you're alleging VEECO somehow improperly</p> <p>11 recognized revenue relating to a transitional</p> <p>12 service agreement between VEECO and Emcore?</p> <p>13 A Yes.</p> <p>14 Q To your knowledge, did VEECO ever</p> <p>15 disclose or correct any improper recognition</p> <p>16 of revenue relating to the transitional</p> <p>17 service agreement during the first three</p> <p>18 quarters of 2004?</p> <p>19 A No.</p> <p>20 Q In other words, that was not correct</p> <p>21 in their restatement?</p> <p>22 MR. STOCK: Object. You</p> <p>23 phrased it very differently.</p> <p>24 MR. WALLIN: I'll rephrase the</p> <p>25 question.</p>	<p style="text-align: right;">129</p> <p>1 Hoffman</p> <p>2 the stock, we don't know whether they're</p> <p>3 going to lose money or not right now.</p> <p>4 Q Who made the decision on behalf of the</p> <p>5 Steelworkers to sue VEECO?</p> <p>6 A Pardon?</p> <p>7 Q Who made the decision on behalf of the</p> <p>8 Steelworkers to sue VEECO?</p> <p>9 A I did.</p> <p>10 Q Did anyone else participate in that</p> <p>11 decision other than you?</p> <p>12 A With the Steelworkers?</p> <p>13 Q Yes.</p> <p>14 A No.</p> <p>15 Q Did you make that decision before or</p> <p>16 after retaining counsel in this action?</p> <p>17 A We had relationship with counsel in</p> <p>18 other cases, and they approached me and</p> <p>19 discussed VEECO which I was somewhat familiar</p> <p>20 with. And they proposed the class action,</p> <p>21 and I said, "Fine, I agree with that."</p> <p>22 Q What was the prior relationship with</p> <p>23 counsel you're referring to?</p> <p>24 A They represent us in several other</p> <p>25 class actions.</p>

<p style="text-align: right;">130</p> <p>1 Hoffman</p> <p>2 Q Which ones?</p> <p>3 A I forget.</p> <p>4 Q Were they any of the actions listed on</p> <p>5 Exhibit 10?</p> <p>6 MR. STOCK: Take a look at</p> <p>7 Exhibit 10 to refresh your</p> <p>8 recollection.</p> <p>9 A Oh, yes.</p> <p>10 Q Which ones?</p> <p>11 A Marsh & McLennon Companies Litigation.</p> <p>12 Williams Securities Litigation. Nortel</p> <p>13 Networks, St. Paul Travelers, Pfizer, Baxter</p> <p>14 International, Scudder Mutual. We had a</p> <p>15 relationship with these attorneys for a</p> <p>16 number of years.</p> <p>17 Q Which particular individuals at Berger</p> <p>18 & Montague have you had a relationship with?</p> <p>19 A Mainly Miss Parker.</p> <p>20 Q Any other attorneys?</p> <p>21 A This gentleman and some others.</p> <p>22 MR. STOCK: Shelly S-A-V-E-T-T</p> <p>23 and Arthur Stock, who he's pointing</p> <p>24 to.</p> <p>25 Q When were you first contacted by</p>	<p style="text-align: right;">132</p> <p>1 Hoffman</p> <p>2 MR. STOCK: With respect to</p> <p>3 this case in particular?</p> <p>4 MR. WALLIN: Yes.</p> <p>5 A Well, the first contact would have</p> <p>6 come from us when we supplied them the</p> <p>7 information which is done routinely. We</p> <p>8 supply Miss Parker with information on our</p> <p>9 trades, and she will then contact me if she</p> <p>10 thinks we might have an action.</p> <p>11 Q So you provide information to</p> <p>12 Miss Parker on some sort of regular basis</p> <p>13 independent of whether there is any impending</p> <p>14 litigation?</p> <p>15 A Yes.</p> <p>16 Q How long has the Steelworkers had a</p> <p>17 relationship with Berger & Montague?</p> <p>18 A A couple of years, at least.</p> <p>19 Q How did the Steelworkers come to have</p> <p>20 a relationship with Berger & Montague?</p> <p>21 A Well, we had been the recipient of</p> <p>22 class action settlements for years. In the</p> <p>23 WorldCom Bond litigation we hired the local</p> <p>24 counsel here --</p> <p>25 THE WITNESS: What is the name?</p>
<p style="text-align: right;">131</p> <p>1 Hoffman</p> <p>2 counsel regarding a possible action by VEECO?</p> <p>3 A I don't remember. It was sometime</p> <p>4 during this early part of the year.</p> <p>5 Q Do you recall how soon after the</p> <p>6 February 11th press release that I showed you</p> <p>7 earlier?</p> <p>8 A How soon after they contacted me? No,</p> <p>9 I don't remember that.</p> <p>10 Q Can you approximate?</p> <p>11 A I would say several months, I would</p> <p>12 say.</p> <p>13 Q Are the Steelworkers represented by</p> <p>14 any other counsel in this action besides</p> <p>15 Berger & Montague?</p> <p>16 A In securities litigation?</p> <p>17 Q In this action.</p> <p>18 A No.</p> <p>19 Q Have you spoken to any other attorneys</p> <p>20 about a potential action against VEECO prior</p> <p>21 to speaking to Berger & Montague?</p> <p>22 A No.</p> <p>23 Q Were you contacted by counsel in the</p> <p>24 first instance or did you contact counsel in</p> <p>25 the first instance?</p>	<p style="text-align: right;">133</p> <p>1 Hoffman</p> <p>2 MR. STOCK: I don't know. It</p> <p>3 wasn't Berger & Montague.</p> <p>4 THE WITNESS: Dave Bershad. We</p> <p>5 had hired them in the WorldCom Bond</p> <p>6 litigation which didn't turn out.</p> <p>7 We're still going to collect something</p> <p>8 through the SEC, and I began thinking</p> <p>9 that we ought to have counsel who will</p> <p>10 monitor the securities litigation. I</p> <p>11 didn't know of this law firm until I</p> <p>12 asked around and I discovered them.</p> <p>13 Q How long after you were first</p> <p>14 contacted by Miss Parker concerning a</p> <p>15 potential action against VEECO did you decide</p> <p>16 to actually go forward with an action against</p> <p>17 VEECO?</p> <p>18 A Probably the same day.</p> <p>19 Q Was it during the same conversation?</p> <p>20 A Yes.</p> <p>21 Q Do you recall how long that</p> <p>22 conversation was?</p> <p>23 A Long.</p> <p>24 Q More than an hour?</p> <p>25 A No.</p>

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1 Hoffman
2 Q More than a half hour?
3 A I would say about a half hour.
4 Q To your knowledge, is anyone employed
5 by the Steelworkers Pension Trust ever worked
6 for Berger & Montague?
7 A No, not to my knowledge.
8 Q Or any relatives of anyone employed at
9 Steelworkers ever work at Berger & Montague?
10 A Relative of employees?
11 Q Yes.
12 A Not to my knowledge.
13 Q If there is a disagreement between the
14 Steelworkers Pension Trust and Miss Parker
15 about a strategic matter in this litigation,
16 are you under any obligation to do anything?
17 A Rephrase -- say that again.
18 Q If there is some disagreement between
19 you and your counsel concerning strategic
20 matter in this litigation, are you under any
21 obligation to do anything?
22 MR. STOCK: Objection.
23 Unclear.
24 If you can answer, go ahead.
25 THE WITNESS: Can I answer?

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1 Hoffman
2 MR. STOCK: If you can.
3 A If there is any disagreement between
4 the Steelworkers Pension Trust and the law
5 firm, we make the decision.
6 Q That's what I'm asking.
7 A In other words, there are no
8 disagreements.
9 Q Whose responsible for the cost of this
10 litigation on the plaintiff's side?
11 A They are (pointing), contingent fee.
12 Q Is that contingent fee memorialized in
13 any sort of written agreement?
14 A No, I don't believe so.
15 Q If this action goes forward for
16 whatever reason, the Steelworkers don't
17 receive any recovery, do you have any idea
18 whether the Steelworkers would have any
19 obligation to assume any other costs related
20 to the action?
21 A If we have no obligation to the
22 attorneys in that case.
23 Q Essentially what I'm asking is if the
24 court dismisses the action, do the
25 Steelworkers, are they able to walk away

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1 Hoffman
2 without assuming any of the costs?
3 A It costs us nothing.
4 Q Have the Steelworkers been billed at
5 all by Berger & Montague in connection with
6 this action?
7 A No.
8 MR. WALLIN: I believe that's
9 all, Mr. Hoffman.
10 THE WITNESS: Thank you.
11 MR. STOCK: I do not have any
12 questions. Deposition is completed.
13 (Time noted: 2:00 p.m.)
14
15 -----
16 RICHARD S. HOFFMAN
17 Subscribed and sworn to before me
18 this day of 2005
19
20 -----
21 NOTARY PUBLIC
22
23
24
25

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	I N D E X	
	EXHIBITS	
	FOR IDENTIFICATION	DESCRIPTION PAGE
1	1	A document bearing production 20
2		numbers SPT 01 through SPT 02
3	2	VEECO Instruments' 10-K form 58
4		for fiscal year ending
5		December 31, 2003
6	3	A press release dated 89
7		February 11, 2005 filed by
8		VEECO Instruments
9	4	A reply memorandum of law by 94
10		Steelworkers Pension Trust
11	5	A brief 94
12	6	A press release dated 98
13		November 3, 2003
14	7	A transcript of a conference 98
15		call on November 3, 2003
16	8	Consolidated amended class 101
17		action claim
18	9	A document bearing production 104
19		numbers SPT 09 through SPT 10
20	10	A document bearing production 104
21		numbers SPT 11 through SPT 12
22	11	A document bearing production 107
23		numbers SPT 03 through SPT 08
24	12	A document 113
25	13	A series of account statements 118
		from Fox Asset Management

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2	I N D E X (CONTINUED)
3	INFORMATION/DOCUMENTS REQUESTED
4	DESCRIPTION PAGE
5	Production of Fox Asset 52
6	Management report
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2	C E R T I F I C A T E
3	I, VILMA TORRES, hereby certify that the
4	Examination Before Trial of RICHARD S. HOFFMAN was
5	held before me on the 8th day of December, 2005;
6	that said witness was duly sworn before the
7	commencement of testimony; that the testimony was
8	taken stenographically by myself and then
9	transcribed by myself; that the party was
10	represented by counsel as appears herein;
11	That the within transcript is a true
12	record of the Examination Before Trial of said
13	witness;
14	That I am not connected by blood or
15	marriage with any of the parties; that I am not
16	interested directly or indirectly in the outcome
17	of this matter; that I am not in the employ of any
18	of the counsel.
19	IN WITNESS WHEREOF, I have hereunto set my
20	hand this day of , 2005.
21	
22	-----
23	VILMA TORRES
24	
25	

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	ERRATA SHEET	
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